

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.

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

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

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<http://laa.rentals/>

## PRESIDENT'S LETTER

Hello All,

In April, the Chief of Police for the City of Sheboygan and the County Sherriff enlightened us on our community from their point of view.

At May's meeting we will cover the common forms that most of us use. We will have them available for purchase from Gary by the front door. We can also have an open forum with time permitting, please reply with your questions and what forms you want us to cover.

Nice days and longer hours of daylight tells us that spring is here! With that comes "spring cleaning". One of the first thing that catches someone's eye to your property is the outside. This includes the city and its inspectors. Take the time and go to each property. In turn all of us benefit and this includes higher rents.

We have been getting many positive comments from the last couple of newsletters having member profiles and success stories. When you have something that you feel will benefit us all please let Doug Emerson our newsletter editor know so he can put them in.

The revised advertising program has been and will continue to be a great hit. Look at the value of the door prizes given away each meeting. Think how this can grow? Reach out to suppliers, vendors and contractors you know. We have a pre-written letter and a master list of who we have sent this to. The companies will be advertising to a "target" market in doing so we are asking them to give our group the best discounts they can offer. This is a "win/win" for everyone. Reach out to Tim Herr for printed letters and the contact info you have. This is just another of the many benefits of being a part of the great growing organization!

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.

We have so many reasons to be part of this wonderful organization. We keep on bringing in new members and maintaining the old. One is like silver the other is like gold!

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.  
920-452-7051 or [RUFREE1@CHARTER.NET](mailto:RUFREE1@CHARTER.NET), Respectfully yours, Jim Longo

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### Newsletter Editor

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### Order Forms

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### General Meeting Date:

May 16th – Lakeshore Lanes – 7pm

### Board Meeting Date:

May 23<sup>rd</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!

### MAY 16<sup>TH</sup> 7PM

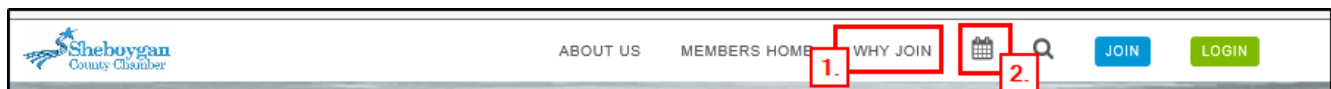
#### LANDLORD FORM REVIEW!

#### NOTE: HOUSEHOLD HAZARDOUS WASTE COLLECTION:

<https://www.sheboygancounty.com/home/showdocument?id=11444>

## 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

# MY FAVORITE RENT COLLECTION METHOD (SHOCKER—IT'S NOT ELECTRONIC)

BY [ANN BELLAMY](#) | [BIGGERPOCKETS.COM](#)



I love technology, and finding new and more streamlined ways to use it to do everyday tasks is fun for me. My banking, accounting, calendar, communication, task management, project tracking, and hard money loan underwriting are all

done electronically.

I'll move as many other tasks as I can to an electronic system, too. For instance, I scan in receipts and contact info so I don't have to keep paper.

I always have multiple businesses and volunteer projects going at once, so being able to multi-task using a device is pretty important for me.

All of that being said, it may surprise you that my rent collection method is decidedly old school. Here's what I do, and why I do it.

## How I Collect Rent

Are you ready? I pick up the rent at the property.

Tenants place their checks in a locked mailbox at the property by no later than 7 a.m. on the due date, which is the 25th of the month (more on that later). The mailbox has a slot similar to this one below.



I drive to the property, snap photos of the checks to deposit using my phone, and walk the building. Sometimes I see a tenant; more frequently, I don't. I'll chat if I do.

I also arrange to meet my maintenance person there, pay him, and discuss any issues he is dealing with or tasks on his plate.

“WHAT? And waste all that time? Why on earth?” some of you are probably asking, wondering if I also grew up with rotary phones.

Hear me out though. Here's why I do this.

## PROPERTY CONDITION

Going to each property forces me to pay attention to the condition of the property and not assume that everything is fine. I can see for myself.

If something needs repair or replacement, I notice. (Yes, I'll admit to being a control freak.) I take a minute to walk around, and I can discuss it on the spot with the maintenance person.

## TENANT RELATIONSHIP

Because I see my property—and sometimes the tenants—on a regular basis, my renters know that I am involved and aware. It can head off problems before they start.

Can this be a detriment if the relationship with the tenant deteriorates for other reasons? Absolutely.

It is not possible for me to be just “the property manager.” They all know I’m the owner. If I tried to pretend, I’d for sure slip up and give it away, and then they would know I was lying. That’s just me.

But because I’ve screened carefully for excellent tenants, I seldom have issues. So, staying in touch occasionally is a positive on both sides.

I once saw someone write on BiggerPockets: “Be nice to your tenants. They are buying you a building.” It’s too true!

Another reason I like to keep close tabs on my renters is that many of my properties are what I call “starter units.” It may be the tenant’s first apartment, they might have their first real job, or they may be broke and starting over after a divorce.

In other words, they don’t always have their financial affairs in peak condition. Some of them still like to use money orders to ensure they don’t bounce a check.

If that’s the case, trying to set up electronic payment methods can be difficult for them—especially if they don’t pay for internet—so fighting the tide is harder than working with it.

## MAINTENANCE PERSON RELATIONSHIP

Like I mentioned, I pay my maintenance person monthly during the same visit as the rent collection. It’s an opportunity for him or her to keep me up-to-date on things that might not be immediately evident.



And as his day job’s schedule changes occasionally, or he has vacations or family time planned, we can work out coverage and supply issues. This has paid off with multi-year loyalty

from my current maintenance person, so since it ain't broke, I ain't fixin' it.

## RENTAL PERIOD

Now, I'll talk about why my rent is collected on the 25th. A guru discussed this plan. (It may have been Jeffrey Taylor?)

I don't collect on the 25th for the rental month 1st through 30th, I collect on the 25th for the rental period 25th through 24th. It's illegal in some states to hold more than a specific amount of money in advance though, so be sure to comply with your state's laws when making this decision.

Why do I do this?

When I started, I needed to make sure to collect rent before my mortgage payment was due. That way, if I had to wait for a check to clear (or bounce), I still had the mortgage funds in time for the 1st.

Later, as I moved into commercial mortgages, it became less important. Those don't always start on the 1st, and I had reserves. But it was a lifesaver when starting out, and I didn't want to change midstream.

## CAVEATS

This won't work if you are trying to scale. My hard money lending business grew to full time, while my rental properties didn't.

I'm not good at managing a property manager. I preferred to manage tenants myself, as screening is the most important part of rentals. Maintenance of the properties was easy with a maintenance person and a few trusted contractors. So, I let it stay small.

If you are aiming for hundreds of units, I don't recommend this approach. If you are buying property out of state, it won't work either.

You'll need to focus on how to find a good property management company and not try to do it yourself. But if you are like many investors on BiggerPockets, you aren't there yet. So, I encourage you to consider if this low-tech approach will work for you and help you keep tabs on your property.

#### About Author



#### ANN BELLAMY

Ann Bellamy has been a hard money lender in Massachusetts and New Hampshire since 2006 at [Buy Now, LLC](#) and has been investing part time in rental properties in New Hampshire since 1996, holding 23 units and an office building. She has built two modular spec houses and bought a portfolio of MA tax liens, and has been in a leadership role in 3 real estate investing groups in New England. She and her partners have managed [Black Diamond Real Estate Investors](#) for 6 1/2 years, serving all levels of investors in Massachusetts and surrounding states. Ann has been a Bigger Pockets member since 2009, and enthusiastically recommends it to all investors she meets.

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## THE BIGGEST MISTAKE I MADE AS A FIRST-TIME LANDLORD

BY [ANDREW SYRIOS](#) | [BIGGERPOCKETS.COM](#)



This one's probably not going to be too much of a shocker to too many people. What's the biggest mistake I made when I first started out as a landlord? Hands down: I didn't screen well enough.

Early on when beginning in real estate in Kansas City, there was this unmistakable fear that would come over me if a property sat vacant too long. I remember once when I had 13 consecutive applications fall through for one reason or another.

Even though at least four applicants were approved, the prospects all "ghosted" my company and me once I informed them of their status.

Fear turned into anxiety, and then something close to desperation manifested; I had to get that property leased—to whomever and at whatever cost.

*Do not make this mistake!* And I should note, the mistake is conceptual. Get it clear in your mind that a vacant property is better than a property that is rented to the wrong person.

Evictions are an expensive affair in and of themselves. In some places, they are time consuming, too. The process can take months.

Want proof? Take this thread on City-Data.com, for example. In it, landlord after landlord discusses how it took them years to evict tenants in New York City.

What's worse, some tenants will do major damage before they leave. We had one take a hammer and go to town on the drywall throughout the entire unit!

So, say it with me now, "A vacant property is better than one rented to the wrong person."

## SCREEN EARLY

One of our first mistakes was not doing much "pre-screening." This is screening done on the phone or through email when a prospect first reaches out to you.

It's important for Fair Housing reasons to never say that someone should not apply because they don't meet your criteria. But you should still ask them if they have any evictions or felonies or if they are employed and make sufficient income to meet your criteria.

Then, use the third person and say something like, "We don't accept evictions." If the prospect says that he or she wants to apply anyways, don't dissuade them. But most won't bother.

What would be the point?

Now yes, some people will lie to you and hope they can squeak through your screening undetected. But most won't try, and you will save a lot of time on going to show the property or running an application for someone who had no chance of being approved in the first place.

You can also utilize new technologies such as Rently or ShowMojo, which can automate the pre-screening and showing processes.

On a somewhat dark yet amusing note, one time we decided to drop the application fee in order to encourage more applications. You couldn't possibly imagine how bad some of them were!

One guy yelled at me for having declined his application because his background check had 19 convictions on it—three of which were felonies.

"But that was over 10 years!" he retorted.

*How could it have been over less time?* I politely told him it was our policy, and there was nothing I could do.

Turns out application fees act as a method of screening, as well. Those who are unlikely to be accepted are rarely willing to pay to find out for sure. If you aren't passing the fees associated with screening along to tenants, in my opinion, you're doing it wrong.

## SCREEN OFTEN

It may sound a bit mean, but your screening criteria should be strict. In one of our early debacles, we only refused to accept prospects who had an eviction in the last three years. This was a very bad idea to say the least.

For example, we had one lady who slipped through because she hadn't been evicted in the last three years. Unfortunately, she had been evicted 10 times before that!

How it's even possible to have been evicted that many times is beyond me, but she somehow achieved this impressive feat. Needless to say, she stopped paying her rent a few months into her lease, and we were forced to file for eviction number 11.

Your criteria might change from property to property or market to market. And there are some noteworthy exceptions you have to think about, too—for example, Section 8 applicants, prospects with cosigners, renters with pets (including which types of pets are okay and whether you will charge pet rent). The list goes on. Things can get a bit tricky with roommates, as well, particularly if only one has bad credit.



## IN GENERAL, HERE IS OUR SCREENING CRITERIA:

- No evictions in the last 10 years
- No more than one eviction
- No felonies (other than one DUI) in the last 10 years
- No violent felonies
- Three times the rent in income
- No more than one late pay per year in their rental history
- No bankruptcies
- A credit score at least above 500, and unless everything else is good, above 600

It's a bit more complicated than that because all of these issues intersect and have nuance. And remember, this criteria must be identical for each applicant. Never treat two applicants differently, or you will very shortly be hearing from Fair Housing.

Criteria can change from one property to the next, but that must be in writing and determined before the fact.

It's also critical to screen every single person over the age of 18 who will be living at the property. Another early unfortunate experience we had involved screening a woman who applied and seemed decent. But then her boyfriend came in to sign the lease, as well.

It slipped through the cracks that he hadn't been screened; we foolishly signed the lease with them both.

(Note: It's not an uncommon occurrence for people who aren't on the lease to move in after the fact. You should always issue a lease violation if you figure out this is happening.)

The couple turned out to be some of the most obnoxious tenants we ever had. Month after month, we received innumerable complaints about mostly trivial issues. Then one day, the boyfriend got arrested. Soon after, they fell behind on their rent, and we found ourselves going down the eviction path once again.

Screen, folks! Screen like your life depends on it!

## OUTSOURCE SCREENING



I also recommend outsourcing your screening if at all possible. We use Red Star Backgrounds, which does the income, job, and rental history verification for us.

Most companies won't. If you can find one that will, I recommend using them. If you choose to do it yourself, there is a temptation to want to get the property leased even if you have to stretch your rules in order for someone to qualify.

[Confirmation bias](#) can make fools of us all.

In that same vein, this duty would be the absolute last thing I would assign to an employee. You need to make sure screening is thorough, correct, and not rushed.

I would furthermore ensure that your property management company gets your approval on new leases. In the case of the woman with 10 evictions, I never saw the background check. I had delegated that task to an employee.

This person saw that the applicant technically met our requirements, and then just approved her. Many employees will just want to get the property leased so they can stop thinking about it and move on.

Delegation is a good thing usually—but certainly not always! Had I seen the background report, I would have immediately realized we needed to change that criterion. But I didn't, and we lost a good deal of money on a disastrous tenant because of it.

## CONCLUSION

Today, because of our vigorous screening, we very rarely have an eviction. This is true even though most of our properties are in working class or lower middle class neighborhoods.

We've saved a lot of money on eviction costs and lost rent (not to mention the damage to the property itself that often comes along with an eviction). That being said, it's easy to say that screening is extremely important, but it's not as easy to enact.

Make screening an absolute priority because poor screening is almost always the biggest mistake new landlords make. Heck, it's often the biggest mistake of veteran landlords, too.

### About Author



#### 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. He has also obtained his CCIM designation (Certified Commercial Investment Member). Andrew has been a writer for BiggerPockets on real estate and business management since 2015. He has also contributed to Think Realty Magazine, REI Club, Elite Daily, Thought Catalog, The Data Driven Investor and Alley Watch.

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