



REOMA Newsletter

Feb. 2011

Real Estate Owners & Managers Association, Inc
2913 North 51st Street, Lincoln NE 68504-2710
www.reomalincoln.org reomasec@aol.com

General Membership Meeting

DATE: February 24, 2011

PLACE: Valentino's Grand Italian Buffet
2701 South 70th Street

PRICE: **\$13.00 Per Person**

TIME: 6:00 – 7:00 p.m. Dinner and Conversation
7:00 p.m. – Meeting Begins
8:15 p.m. – Dismissal
8:30 – 9:00 p.m. – Conversation

PROGRAM: Black Hills Energy
Updated Information

SPEAKERS: Larry Barnes – Lincoln Region
Operations Manager

Lee Benash – Lincoln Region Operations Supervisor
Meredith Dougherty – Supervisor of the Lincoln
Call Center.

Our Black Hills Energy's guest speakers will provide valuable up-to-date information to help landlords or managers understand what exactly "revert" involves, how it works on rental properties, and how to either put this into effect or cancel it. They will also explain "billing" and as time allows, address other questions concerning Black Hills Energy relating to those in the rental business.

The Lincoln Region of Black Hills Energy is comprised of about 97,000 customers in 13 communities. Eighty-eight employees serve this service area from one office located right here in Lincoln.

Larry Barnes is the Lincoln Region Operations Manager. Lee Benash is the Supervisor of the Meter Reading and Backoffice billing functions, along with being the lead for our Lincoln area Annual Price Option. Meredith Dougherty is the Supervisor of the Lincoln Call Center.

The speakers have requested **any questions be held until they have finished their presentations.** Then they will ask for your questions and try to provide an answer. So with that in mind, take a moment to jot down your questions during the program time, and then ask them of our speakers at the completion of their presentation.

Let's have a significant turnout again for the February 24th dinner meeting, as the January meeting was attended by 50+ people when all was said and done! Being able to network with others in the rental business during the dinner hour is a plus, and an easy one to take advantage of – so mark the date of February 24th on your calendars and arrive at Valentino's at 6 p.m. to enjoy dinner and conversation.

Please keep in mind – not always do our viewpoints coincide with our speakers, but PLEASE remember they are only the messengers and have agreed to come at our invitation. We ask everyone's polite understanding consideration and to be respectful of the speakers. Thanks for keeping these important thoughts in mind as we listen to the presenters of the February program.

Vice-President's Message . . .

What a wonderful turnout for our January meeting. People must be interested in the new taxation laws. Scott DeVries of Shotkoski & Associates, PC did a great job in explaining the new changes. He explained the good, the bad, and the ugly.

The take home message is to make sure to have the name, address, and Federal ID number (Social Security number for an individual) for each and every person or entity that you purchase goods and/or services from during a calendar year. The best way to gather the information is using Form W-9 that they fill out, but you keep in your files. The W-9 can be found from your accountant or printed from the IRES web site. Here is the web address that I found them at:

<http://www.irs.gov/pub/ire-pdf/fw9.pdf>

The IRS may not have raised your taxes, but they did raise the penalties. Scott mentioned that there is a \$250 fine for each 1099 that you don't file on people that do work for you. Make sure to use the red 1099 miscellaneous form, not a photocopy. These can be found from your accountant. Don't forget to keep a mileage log. This is an item that the IRS has been asking for. If you don't have it, the deduction is not taken.

The last tip that I have to share is that if you do need to call the IRS. Make sure to write down the badge number, time, date, and number called. This will be important if the information you get is not accurate.

Dana Steffan
REOMA Vice-President

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**Items of Interest From
REOMA President
Mike Dennis**

***New Garbage Ordinance –**

The Lincoln Journal Star on February 10, 2011 had an article about the new garbage ordinance. The article made it sound as if the rules were only for rentals.

This ordinance requires every property in the city to have a garbage service. Homeowners are required to have trash pick-up. If they do not, we will not know about it until there is a complaint.

If your lease says that your tenant will pay for trash pick-up that will be acceptable. If the tenant doesn't pay as agreed, the bill will come to the landlord.

REOMA does not support this ordinance because it is poorly written. I feel that the haulers should be required to pick up everything that is set out for them. Some do a very good job. Some do not.

***Add 402 Area Code –**

Reminder – you will need to use the 402 area code with all calls. This means using 10 numbers – area code plus the 7 digit phone number - when placing a call even here in the City of Lincoln

***W-9 Forms –**

Everyone should start getting W-9 forms to be ready to total up contractors' bills later in the year.

Mike stated, "I have been sending a W-9 form with each payment. I enclose a stamped envelope and so far everybody has returned them promptly with the numbers filled in." You can print a W-9 form from the IRS web site and make as many copies as needed.

Make the **RIGHT CALL** for a no obligation cost vs. coverage comparison on your investment properties.

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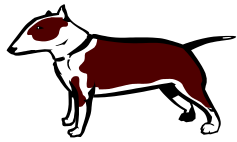
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A Pit Bull by Any Other Name is Still a Pit Bull

(Article By Molly Azvitz, MOPOA –
Reprinted from Dec. 2010 Newsletter)

I do not rent to aggressive breeds of dogs, especially pit bulls or anything mixed with pit bull. I ask every prospective on the phone what kind of dog they have. Even if they tell me they have a Chihuahua, I specifically ask again if it is a pit bull to make sure it is not a pit bull or mixed with any pit bull or other aggressive breed dog.

I had a prospective tenant with a dog and I asked them the same questions on the phone. They assured me that it was not a pit bull. When I asked what it was, he told me a *Scottish Terrier* mix. Okay. They met the rest of my qualifications, so imagine my surprise when they came to fill out the lease and on the pet addendum, when asked again what kind of dog it was, they said *Staffordshire Terrier*! I was shocked. “That is a Pit Bull! I asked you several times what kind of dog it was and specifically said I don’t rent to pit bulls.”


The prospective started back peddling, saying I had never said that and that they had insurance for the dog—so by their own admission, they knew they were trying to sneak in a pit bull regardless of what I kept telling them. The prospective went on to pretend that they didn’t know “pit bull” was the nickname for their *Staffordshire Terrier*! Yeah, right! That’s why you have insurance for a potentially aggressive dog?!!!!

I learned a valuable lesson, and almost the hard way. The only way to know what dog you are renting to is to meet it. I will now tell any prospective resident to bring their dog with them when they come to see the unit. That way, I will know immediately if they are trying to pull one over on me. Of course, even with this I have to be careful, in case they bring a pit bull to meet me!!!

And yes, this prospective did have all the rent and deposit money and I may not rent this unit this winter, but I cannot rent to a pit bull. Set your qualifying standards and stick to them, for everyone the same, all the time, but be wary, you may still encounter a prospective renter who will still try to see if they can trick you.

I have heard that some landlords who rent to pets take a picture of the pet and stick it into the tenant file, that way, they can’t sneak a new pet in and claim it was the one you originally rented to.


Be wary, but especially this time of year, when less than desirable prospective might try to pull things over on you, because let’s face it, having to heat a vacancy all winter isn’t a great situation, but renting to an unqualified applicant or an aggressive dog is only going to cause more problems down the road and will ultimately cost you hundreds or even thousands of dollars.



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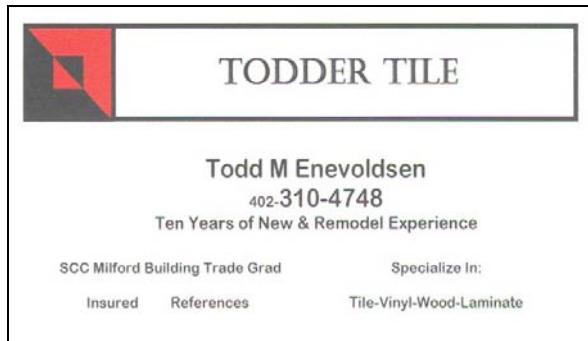
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A Number of Tid-Bits on 2011 Tax Breaks or Changes

(By Kam Wiese CPA – MOPOA January 2011 Newsletter)

- The estate tax exemption for 2011 is set at \$5 million, with a flat rate of 35%.
- Lifetime gift tax exemption is now set at \$5 million, up from \$1 million before. (The annual gift tax exclusion is still at \$13,000 per donee.)
- Standard mileage rates for business driving is 51 cents per mile.
- Medical and moving mileage is 19 cents per mile.
- Charitable driving is at 14 cents per mile.
- Businesses can claim section 179 asset expensing up to \$500,000.
- Rental property owners and businesses can claim 100% bonus depreciation for new assets put into service during 2011. (This means you can expense your carpet this year!)
- If you are self-employed, health insurance premiums are not deductible against self-employment income as they were in 2010.
- Businesses are now required to use EFTPS to make tax deposits. The banks will no longer accept the tax deposit coupons.
- Payroll tax tables have been changed for 2011 to account for the make work pay credit no longer being available, and the decrease of the Social Security tax to 4.2% on the employee's side only.

- Those who receive earned income credit cannot request it early through their paycheck withholding.
- The tax credit for energy saving home improvements was reduced to a \$500 cap, and is at 10% of the cost of the improvement. There are also ceilings on certain items. No more than \$150 can be claimed for furnaces and water heaters and a \$200 maximum on windows. You cannot receive the credit if the improvement was financed with state or federal subsidies. Credits claimed in prior years (2009/2010) will decrease the amount of credit available for 2011.
- Medicare Part B premiums will be higher for upper income seniors based on the 2009 adjusted gross income plus tax exempt interest. Higher income seniors will also owe a new surcharge on Part D premiums.
- Flexible benefit plans can no longer reimburse workers for over-the-counter drugs. Payments are allowed only for drugs prescribed.
- Roth IRA conversion rules have reverted back to now include an Adjusted Gross Income Limitation.

To meet the recently established requirements of the Internal Revenue Service as described in their circular 230, we hereby advise you that any tax advice contained in this communication, including any attachments, was not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties that may be imposed on the taxpayer by Internal Revenue Code.



Plan to come to the dinner meeting on February 24th and bring a friend! Dinner at 6 p.m. and program at 7 p.m.

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Something to Ponder!

Take time to work; It is the price of success.

Take time to think; It is the source of power.

Take time to play; It is the secret of perpetual youth.

Take time to be friendly; It is the road to happiness.

Take time to love and be loved; It is the privilege of God.

Take time to share; Life is too short to be selfish.

Take time to laugh; Laughter is the music of the soul.

Helpful Hint –

Dryer Fabric Softener Sheet to the Rescue: You may not want to bring out the vacuum to clean up if you are sanding a smaller drywall patch or drilling a hole. Instead “grab” a dryer fabric softener sheet - it is like a magnet for sawdust or drywall dust. Make a swipe or two over the small area and you are done!

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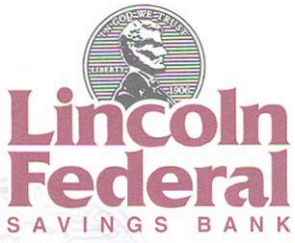



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3. You can do a two minute walk through of a house and list every repair needed.
4. When you and your significant other are working on an empty unit, you know the exact next move each other are going to make without asking.
5. You cringe if the phone rings late in the evening or on holidays or after a storm.

Take Precautions to Avoid Carbon Monoxide Poisoning

When it comes to winter, precautions need to be taken to avoid carbon monoxide poisoning.

Carbon monoxide often is called the silent killer because it is an invisible, odorless, colorless gas created when fuels, such as kerosene, gasoline, wood, coal, natural gas, propane, and oil, etc. burn incompletely.

Carbon monoxide can result from faulty furnaces, water heaters or clothes dryers.

Be especially alert during heavy ice and snow conditions in the heating season and extremely cold weather.

To avoid carbon monoxide poisoning, take these precautions:

- Make sure all fuel-burning vented equipment -- such as the vents for the dryer, furnace, stove, and fireplace -- is vented to the outside to avoid carbon monoxide poisoning. Make sure the vent for the exhaust is kept clear and unobstructed by SNOW or ICE.
- Also be sure the gas meter is clear. If the meter or an appliance vent is covered in snow, remove the snow carefully with the hand, brush, or broom. Do not remove it by kicking or with a shovel. Be careful not to shovel, plow or blow snow up against the meter or a vent pipe.
- Maintain heating equipment and chimneys by having them cleaned and inspected annually by a qualified professional.

(Reprinted from the NEBLINE – February 2011)

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Tax Refund: Good or Bad?

Refund. Is that the word that taxpayers like to hear when having their tax returns prepared? Yes, you say. Well maybe. Just ask yourself why you are getting a refund. It's because you have much tax during the year and now, in order to get it refunded, you must file your tax return and wait for the government to send it back to you.

It's your money. Would it not be a more prudent approach to have the proper amount of tax withheld during the year and set up a payroll deduction savings or a bank automatic withdraws to savings?

Your money is then working for you during the year and earning interest. When you over-withhold during the year the government uses your money all year, no interest to you, and you must prove, by filing a tax return, that it's yours and wait for them to send it back to you.

This is not a sound decision to make for the use of your money. Remember: the best tax return is the return that comes out closest to zero – no refunds, no payments. Good planning on your withholding amounts, with your tax prepare can get you to that place.

(Article by Mary Burr – reprinted from the February 1997 REOMA Newsletter.)

Please note. . .the following information is being included again for you to take a second look at. Yes, this proposed new ordinance did pass! So plan accordingly for all your rental properties.

FYI. . .Here is the proposed new ordinance on MANDATORY garbage service for you to review!

**Proposed New Ordinance on Mandatory Garbage service
8.32.205**

The owner of every dwelling in the city shall provide for the collection and removal of solid waste by a waste hauler by _____, 2011 at least once a week, subject to any exceptions or additional requirements provided by governing law. The owner of every multiple dwelling shall provide for collection and removal of solid waste accumulated by occupants of such rented or leased dwelling at least twice every week. All owners shall be responsible and liable hereunder whether or not the said owner occupies or resides in the dwelling, and whether or not said dwelling is leased or rented to another.

Section 8.32.210 of the Lincoln Municipal Code be **amended** to read as follows:

8.32.210 Containers or Receptacles and Pickup Services to be Provided for Solid Waste.

The owner, agent, or manager having charge of a dwelling for rent or lease within the corporate limits of the city or within three miles thereof shall furnish the same with a sufficient number of solid waste receptacles or containers to accommodate all solid waste from the rented or leased dwelling. Such receptacles or containers shall comply with all the specifications set forth in Section 8.32.220.

The owner, agent, or manager having charge of a dwelling for rent or lease shall be responsible for collecting, removing, and disposing of any solid waste generated or accumulated at said dwelling.

The occupant of any rented or leased dwelling shall be responsible for the placing of solid waste in provided receptacles.

Solid waste left on the premises of a rented or leased dwelling by a tenant or occupant who has vacated said dwelling shall become the responsibility of the owner, agent, or manager of said dwelling at the time of vacation and said owner, agent, or manager shall remove that solid waste from the dwelling within forty-eight hours after vacation by the tenant.

*****Requiring Garbage Service***
(A Few Questions and Answers of Those Prepared by the Lincoln-Lancaster County Health Department in 2010 for REOMA.)**

Q) Why should Lincoln require each dwelling to have garbage service?

A) The Health Dept. responds to over 600 garbage complaints per year, most due to lack of garbage service. Approximately 75% of these complaints are on rental properties, with the majority located in central Lincoln neighborhoods. About 2.0 FTE are devoted to investigating garbage complaints, enforcing ordinances, and coordinating clean ups.

Q) Can Lincoln legally require each dwelling to have garbage service?

A) Yes. The City Attorney's Office has reviewed this matter and determined that Lincoln can require garbage service for single family dwellings as it already does for multi-family dwellings and business.

Q) Why should providing garbage service be the responsibility of the property owner?

A) Property owners are already legally responsible for the conditions on their own property. Since the owner is already legally responsible to prevent nuisance conditions on their property, requiring them to provide garbage service makes sense.

Q) Could a landlord haul the garbage from a tenant?

A) **NO.** That is currently prohibited under LMC 8.32 Solid Wastes and will remain so.

PLAN AHEAD . . .

REOMA Meeting Dates

Take a moment to put the following dates on your 2011 calendars for the upcoming meetings in the months ahead. Remember these meetings give you the opportunity to gather invaluable information from other landlords as well as from the monthly programs.



2011

**February 24th
March 24th
April 28th
May 26th**

**June 23rd
September 22nd
October 27th
November 17th
(One week early!)**

No December Meeting



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