



REOMA Newsletter

Jan. 2012

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

January REOMA Dinner Meeting

Date: January 26, 2012

PLACE: Valentino's Grand Italian Buffet
2710 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: Current Fair Housing Issues

SPEAKER: Attorney Nancy L. Loftis

Happy New Year everyone, and welcome back to our regular REOMA monthly dinner meetings. Keep in mind this is certain to be a new year full of new hopes, dreams and goals as we journey into another year of landlording together.

Our January guest speaker is Nancy L. Loftis, an attorney engaged in the private practice of law in Lincoln, Nebraska since 1982. Her practice focuses on real estate issues, including transactions, bankruptcy and reorganizations, residential and commercial developments and tax deferred exchange transactions. She has significant experience representing residential and commercial owners in leasing transactions and management matters, including actions for forcible entry and detainer and equal opportunity investigations. She develops and instructs courses for licensed brokers and agents approved by the Nebraska Real Estate Commission through the Larabee School of Real Estate.

Attorney Nancy L. Loftis plans to cover current Fair Housing issues including the following.

- Service, therapy and companion animals in relation to Fair Housing laws.
- EOC Complaint and investigation process
- Conciliation options
- Civil litigation of claims
- Education/training options

She will be open to group questions as well, so be thinking of questions you might wish to present to our guest speaker, jot them down ahead of time to bring to the meeting.

Attendance at the January 26th dinner meeting is an excellent way to start the new year. The dinner hour offers all an opportunity to try to solve those sometimes worry some rental situations, by talking and brainstorming with others in the rental business.

REMINDER . . . we still need to have 50 people in attendance for the dinner hour at Valentino's to ensure use of the larger party room. Please make an effort to come for dinner on January 26th, besides the program time.

Invite a guest that just might have expressed an interest in REOMA to you. This month's speaker (as in her previous time as our guest speaker) and program topic will provide invaluable information and education for anyone in this ever changing rental business.

**Message
From REOMA President
Mike Dennis**

I wish to thank all of the REOMA members who have helped make my job easier this year. I hope we all have great cash flow in 2012.

In November I had a call from Jonathan Cook about the upcoming ordinance proposed to start soon. This was a year ahead of the federal rules requiring 90% efficient gas furnaces. Several members and contractors jumped in to speak about this proposal. We were only given two days' notice. Thanks to Jonathan for letting us know it was coming up.

The proposal was defeated, so we can still purchase 80% furnaces in properties where they will fit better. In another year (2013) the federal rules will apply. All residences in northern states will be required to purchase the 90% gas furnaces or go to electric furnaces. People living south of Nebraska will still have the choice to choose 80%.

Membership in REOMA is critical to our continued effectiveness. We have had about 125+ member/families belonging to our group for many years. Please help recruit new members. We need to think about other owners, managers, trades people and suppliers. Also please offer to help with the wording of our website to encourage new members. It is great if we can learn together and work for the same goals.



2012

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Upcoming Board Meeting

Board Members – the January 23rd board meeting will be held at Mary Jo's home at 7 p.m.

Please take a moment now to mark the date on your calendars and plan to attend. Should you find that you will NOT be able to be in attendance, please take the time to call or e-mail either Leola or Mike. Both phone numbers and e-mail addresses are elsewhere in the newsletter for your use to do so.

This is our first board meeting of the new year and hopefully all board members will be able to be in attendance.



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FYI...

Reporting By Landlords - Forms 1099-MISC

The small Business Jobs Act of 2010 subjected recipients of rental income from real estate to the same information reporting requirements as taxpayers engaged in a trade or business, starting in 2011. So rental income recipients making payments of \$600 or more to a service provider (such as a plumber, painter or accountant) in the course of earning rental income would have been required to provide Forms 1099-MISC to the IRS and to the serviced provider.

The Comprehensive 1088 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 also repealed these rules, as of the original effective date of the new rules. Therefore, the new rules never went into effect.

(Article submitted by Barb Burr – Burr Business Service)

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You Make Me Wanna Shout

By Molly Zavitz, MOPOA Operations & Finance Committee

Ever had a tenant start screaming at you on the phone? Ever started screaming at a tenant on the phone? Either way, not good. This is a business, not personal, even though it can feel very personal at times.

I was recently talking to a newbie landlord that thought they had to let an irate tenant scream at them! Oh, no. Does the cashier at your grocery store start screaming at you? Do you yell and curse at your banker? Ever called your doctor a blipity-blip because they left you in the waiting room too long? Maybe we've all snipped at a telemarketer a time or two, but after 11 years in the rental business I have learned you don't have to take the abuse from a tenant.

For the you-can't-get-a-word-in-edgewise-screaming-obscenity-type calls from a tenant, here is what I learned for a no nonsense landlord I used to work with. If a tenant starts screaming at you on the phone, CALMLY, I repeat, calmly say, "You are very upset right now, call me back when you are calm and we can talk about this," and then HANG UP on them. By the way, this is not legal advice. Then the tenant will call back repeatedly and you can either repeat the above phrase and hang up on them or let it go to voice mail for them to swear at the machine.

If you are in the wrong, calmly say that you will remedy the problem, and repeat the phrase and hang up if they are not calm. And then, fix the problem. If they are in the wrong, calmly repeat the phrase. If they are calming down, don't be rude and hang up for just kicks, talk to them and find a solution. By the way, don't yell at people to pay their rent. Send a 3 day notice and file the eviction and get your property back, don't waste your valuable time and mental energy getting angry at the non-paying tenant. The adage "You can't beat a dead horse," I believe applies here.


This is an extreme measure to hang up on an angry caller, but who really needs to start the day with being called some colorful choice words followed up by a death threat or two? I mean really, who? No other professional is expected to take this except for landlords. If you've never had these calls, then you are lucky – the first time it happened to me I was shaken for weeks.

Say it's not just a name or two they've called you, but your tenant is actually threatening your life, then say "I am calling the police to report you because you threatened my life" and hang up on them and call the police to report a death threat. If the tenant says they are headed down to get you (yes, I've had this happen more than once) especially call the police to let them know you're life has been threatened and give them all the information about the tenant that they need, so if they find your body later, the police can wrap up the case quicker. (I know, not funny, but we can't be too careful.)

And for goodness sake, don't get in a confrontation with a tenant in person. That is extremely dangerous position to be in. Just don't go there. Literally stay away from the property if you've got one of those tenants and situations. It is best that a tenant never knows where you live either. If you have people bring their rent to you house you are potentially putting yourself and your family in a dangerous situation. Really want an angry tenant to storm over to your house when just the baby sitter and your kids are home? Never, never threaten a tenant, you really don't want to be sued do you? That is why the key in all interactions with angry tenants is to remain CALM and PROFESSIONAL.

So I think once I finished telling this info to the newbie landlord I was talking to, they were empowered to not let their tenant verbally abuse and scare them. Why was their tenant so mad? Because the plumber had gotten one of their towels wet! Even though the landlord offered to pay to replace it, the tenant just wanted to be mad.

(Reprinted from the August 2011 Newsletter of the Metropolitan Omaha Property Owners Association.)




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Have you taken time to look over the Associate Members' ads through-out the newsletter? Check out what services they offer. See if what they have to offer is something you may need as you go about your daily landlording business.

Don't forget to ask if they allow a discount for REOMA members when using their service.



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By Mike Dennis

The post office is now charging \$42 to change the lock on the mail box if your tenant has lost the key. I plan to make more extra copies of all the mail box keys so we don't get to pay \$42 very often.



NEW MEMBERS


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FYI . . . The REOMA newsletter is for informational and educational purposes only. It does not constitute legal advice in any manner.



Have you circled the date of January 26th on your daily planner/calendar? Keep in mind this is our first REOMA dinner meeting of 2012, one that will be very beneficial to all that do make plans to come to both the dinner and the program!

Party House Becoming Rare Species

The number of police responses to loud parties has dropped by two-thirds since police began cracking down (aka, working with landlords) on party houses in 2006.

Police responded to 1,862 loud party complaints in the 2005 peak year, according to Public Safety Director and former Police Chief Tom Casady.

In 2011, 561 party complaints were lodged.

But the bigger decline has been in the repeat party houses, Casady said.

Police were sent to check more than once on loud parties at 154 single-family homes in 2005. They went out on repeat calls 21 times last year.

So the number of chronic party locations appears to be down, Casady said.

“Those are the places most likely to become a real drag on the neighborhood.”

The “poster house” was a north Lincoln duplex that logged 48 complaints in 2005, 34 disturbance complaints in 2006 and zero since.

Police held that landlord’s feet to the fire, Casady said.

“He bitterly complained to city councilmen,” but the parties were curbed, he said.

Today, landlords are much more likely to have provisions in leases about actions that disturb neighbors or the neighborhood and more likely to threaten eviction when there is a complaint, Casady said.

Police tell landlords, “You can check on this any time you want, and you should.”

(Reprinted from Wednesday, January 4, 2012 Journal Star Paper – Article by Nancy Hicks.)



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Thought for the month:

The language we use to communicate with one another is like a knife. In the hands of a careful and skilled surgeon, a knife can work to do great good. But in the hands of a careless or ignorant person, a knife can cause great harm. Author Unknown




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Keep Residents Longer In 2012

One landlord discovered that offering low rent may not keep residents from moving so he asked the question, “During the applicant screening process, what clues on the application should I be looking for or that would indicate a possible long term tenant?”

Prior rental history is one of the biggest predictors of future longevity. In addition, ask the following questions on your application, (and really take a close look at the answers because the answers can give you clues – both good and bad):

1. What is your reason for moving from your current home?
2. What do you believe you will like best about renting our property?
3. How many years do you plan on staying in your next home? 1 year, 3 years or 5 years?

(Reprinted from editor@mrlandlord.com – December 29, 2011 Rental Owner Updates)



“Going Green” to Earn More Green

“Going green” is a common trend; and by doing so, your rental properties can generate more “green” for your wallet.

Here are a few tips for making your rental property more environmentally friendly – and more profitable.

Install compact fluorescent bulbs (CFLs) throughout your property. Lighting accounts for about 10-20 percent of average home energy use, and CFLs use 75 percent less energy than standard incandescent bulbs and last up to 10 times longer. The cost is about \$2-3 per CFL bulb, meaning that CFLs will save money.

Replace shower heads with low-flow versions. The water savings from the reduced flow in the showers can be considerable – possibly thousands of gallons of water per year.

Along with more efficient shower heads, energy-efficient washing machines, toilets and sprinklers use much less water than conventional models, helping lower your water bill.

Installing high-efficiency refrigerators, air conditioners and water heaters will save you money on your electric bill, which in turn reduces the demand on coal- and oil-burning power plants.

Give your hot water heater a blanket by wrapping it with insulation to reduce heat loss. You can buy all the insulation material you will need for about \$20.

Adding a little insulation makes it easier to heat and cool rental units, which results in less time the tenants need to run a heater or air conditioner. A well-insulated rental unit also needs to have well-sealed windows and doors, as well as integrated ceiling and wall insulation.

Be sure to promote the advantages of energy efficiency to prospective tenants. Few renters would refuse the chance to save money on utility bills, and many would feel better about living in a unit that helps conserve power and water, reducing their carbon footprint.

(Reprinted from the Lighthouse – December 2011 - Lincoln Housing Authority)



Landlord Screening Tip

When you are screening an applicant(s), ask for a copy of a picture ID or driver’s license. Make sure the person(s) in front of you is the same person(s) on the application as well as the credit report. This is an easy task to do.

Some landlords will even take a picture of a tenant when the lease is signed, to be placed with the lease papers in their office files.

Seven Tips About Rental Income and Expenses from the IRS (Issue Number: IRS Tax Tip 2011-45) – By Kam Wiese CPA & MOPOA Operations and Finance Committee

Rental income is any payment you receive for the use of or occupation of property. Expenses of renting property can be deducted from your gross rental income. You generally deduct your rental expenses in the year you pay them. Publication 527, Residential Rental Property, includes information on the expenses you can deduct if you rent property.

When to report income. You generally must report rental income on your tax return in the year that you actually receive it.

Advance rent. Advance rent is any amount you receive before the period that it covers. Include advance rent in your rental income in the year you receive it, regardless of the period covered.

Security deposits. Do not include a security deposit in your income when you receive it if you plan to return it to your tenant at the end of the lease. But if you keep part or all of the security deposit during any year because your tenant does not live up to the terms of the lease, include the amount you keep in your income in that year.

Property or services in lieu of rent. If you receive property or services, instead of money, as rent, include the fair market value of the property or services in your rental income. If the services are provided at an agreed upon or specified price, that price is the fair market value unless there is evidence to the contrary.

Expenses paid by tenant. If your tenant pays any of your expenses, the payments are rental income. You must include them in your income. You can deduct the expenses if they are deductible rental expenses. See Rental Expenses in Publication 527, for more information.

Rental expense. Generally, the expenses of renting your property, such as maintenance, insurance, taxes, and interest, can be deducted from your rental income.

Personal use of vacation home. If you have any personal use of a vacation home or other dwelling unit that you rent out, you must divide your expenses between rental use and personal use. If your expenses for rental use are more than your rental income, you may not be able to deduct all of the rental expenses.

For more information on rental income and expenses see Publication 527. This publication can be downloaded from <http://www.irs.gov> or ordered by calling 800-TAXZ_FORM (800-829-3676).

PLEASE NOTE: *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 for avoiding penalties that may be imposed on the taxpayer by Internal Revenue Code.*

(Reprinted from the January 2012 MOPOA Newsletter.)

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Up Coming REOMA Dinner Meeting Dates

Do you have the dates listed in the column to the right on your calendars for the upcoming 2012 REOMA dinner meetings? The meetings for the new year will be of great benefit offering valuable educational information for those in the rental business!

2012 Dinner Meetings



January 26th – Nancy Loftis, Attorney
February 23rd -John Benson - Tenant Data
March 22nd – To be announced



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