



JANUARY MEETING

Tuesday, January 21

The R.A.A. would like to invite you to our
Networking / Vendor Information 6:30 P.M.

General Meeting 7:00 P.M.

Landlords Getting Involved

Both LoRayne Logan of "Transform Rockford" and Cindy Hall from "Neighborhood Networks" will be our guest speakers. There is a strong effort to turn Rockford from what Forbes calls a miserable city into an enviable one. As area business owners we will all benefit from this meeting and getting involved in this initiative to improve Rockford.

Tues - Jan. 21st at 7pm

Cost: FREE for members, \$15. non-members

Meeting Location → **RAAR**

6776 East State Street
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- ✓ Monthly newsletter

A one-year membership is \$99.

To join or e-mail RAA, go to
www.rockfordapartmentassociation.org

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WELCOME new members:

Ryan Pearson	Sandra Adams
Gary McCauley	Scott Robins
Drake Dagnon	Mark Trnka
Donna George	Gail & Dennis Kelce

Happy New Year! We begin our meetings of 2014 with a discussion of how RAA members contribute to our community. We provide housing, we restore abandoned properties, and we support the local economy through the people we employ. The RAA board of directors has been working to strengthen our relationships with the neighborhood associations and other community organizations in Rockford so that they are aware of our contribution to the area. This month representatives from Transform Rockford and Neighborhood Network will speak to our members about how our groups can work together.

An important component of our relationship with the community is in understanding expectations. I have had several conversations recently with local officials on what a housing provider's role should be. We manage property not people. Our product is the housing we offer. There is a trend now for communities to adopt Crime-Free Housing laws which are designed to shift the responsibility to control the peace from government to private business.

In a recent conversation among the board members of the Illinois Rental Property Owners Association, Jane Garvey, who operates the Chicago Creative Investors Association, offered the following perspective on the role of a landlord verses government.



Let's Get to Know

TERRY AND SUSAN HEILMAN by Jerri Cole

If you want to meet interesting, intelligent, dedicated, resourceful people who care about others and are working hard to make a difference RAA is one of the best places to be. We are lucky to have one such couple, Terry and Susan Heilman. Even though they are a busy couple, they still freely gave their time to teach the Rent to Own seminar, sharing their wealth of information. It is people like this who help make RAA the great organization it is. Thank you, Terry and Susan.

Terry: "I was born and raised in Freeport. I am generally quiet until someone mentions investing in real estate. I like to travel, karate and biking. I have new golf clubs in the closet and a certificate for flying lessons that I need to take before they expire."

Susan: "We have been married 21 years, have two children and a dog. We've been full time investors since 2006. I really enjoy sharing what I have learned with other investors. I'm mostly quiet, and somewhat shy, but I can stand in front of a room of investors and talk and answer questions all day and love it."

"My favorite hobby is reading and that's usually what I do when I have free time. I love to travel. Cruises and all inclusives are my favorite because then I get to enjoy the vacation more since I don't have to plan everything."

WHAT WOULD YOU LIKE PEOPLE TO KNOW ABOUT YOU?

Terry: "One of my students mentioned to my wife that when he first met me he thought I was intimidating until he talked with me and realized I was easy to talk to and a lot of fun, but just quiet. I have a strong background in commercial real estate appraisal and investment analysis and real estate is my passion. I am very approachable so if you have questions, please ask."

Susan: "I may not seem like it when I'm teaching a class, or involved in a conversation, but I really am shy. So if you see me standing off on my own, please come up and share your stories, ask me questions, or give me some advice. That's how I learned most of what I know, by asking those who had experience, listening to other investor's stories and sharing my challenges. Helping each other get better at what we do is one of the most rewarding parts of this business."

WHEN DID YOU BECOME LANDLORDS & WHAT LED YOU TO IT?

Terry: "I was separated from the Marine Corps in 1988 and spent three months a year in and out of VA hospitals for a decade. I couldn't keep a job because I would take off for appointments and end up getting fired. I

bought a duplex with my girlfriend so we could live for free. We couldn't figure out how to grow the business so I went to college and got a business degree from the University of Wisconsin - Madison in Real Estate and Urban Economics."

Susan: "We started in May of 1990, and I got into this only because of Terry. I started helping out when he needed a hand and slowly it evolved into me doing the bookkeeping, leasing and managing and Terry doing the buying, financing, and rehabs. I stayed part time until my kids were both in school full time, then I started working full time. Since the beginning of this year I've been able to cut back and am mostly part time now, over seeing the office and residents."

Terry: "I love investing in real estate and have a hard time turning it off at night or weekends. My plan was to buy 100 properties to give us a stable base monthly income so I could have the time to go out and buy large complexes regionally, then nationally, depending on what market is growing. A question I often get is how much or how many is enough? There isn't a number because it is not about the money or my ego. Why quit doing what you love doing because you have a certain amount of units or money? I am doing what I am capable of doing so I can help the people that can't. There are people that live in crap buildings that need me to renovate them, there are investors that need me to invest for them, and there are people that can't help themselves that need me to donate. One of the groups that I really care about are the veterans that come back with physical and mental problems that need help and I can help as long as I have the resources."

WHAT DO YOU LIKE BEST / LEAST ABOUT BEING A LANDLORD?

Terry: "The freedom it gives you. Renovated properties getting trashed."

Susan: "We primarily offer rent to own homes and my favorite part is when we find the right family for one of our homes. The kids picking out their bedrooms and giving me a tour of their new home. Nothing beats that feeling. I also like the freedom it's given us and we can

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"A landlord's job - provide safe, clean and functional housing. The word safe should apply to the housing, not the people that pass by the housing, are invited into the housing, or even live in the housing.

Law enforcement is tasked with keeping the community safe. That is probably defined as a job of keeping people safe from each other - resolving disputes, finding criminals and bringing them to justice, etc.

These are two different roles.

CFH laws require us to take on the job of law enforcement without any of the tools, training, or powers. Housing providers are being put in harms way by these laws. What is the maximum benefit? We chase

criminals from one house to another - we do not make the community safer by doing this.

There is no point to it, unless the community sees tenants as a different class of citizen who is inherently problematic so wants to use these laws to harass housing providers enough that they quit providing housing to tenants."

I think Jane's comments are on point. We need to build an understanding with the public of what are our responsibilities and what are the government's.

I hope you can join us this month and help RAA strengthen our relationship with our community.

—Paul Arena

offer that to our office manager and the contractors who work with us."

"My least favorite part is evictions. I always tell my residents to call and we can work most things out as long as they have the ability to pay and get caught up in the current month, no carry over. If they can't they have to move and if they won't go on good terms, then eviction is the only option left."

CLUBS OR ORGANIZATIONS YOU ARE INVOLVED IN?

Terry: "Rotary, Chamber of Commerce, University of Wisconsin Real Estate Alumni, FALA.

"All of the service clubs like Rotary, Kiwanis, Lions, etc. are great because they help local causes as well as national. Rotary just happened to fit my schedule and it was also a way to meet new people. We raise money to buy shoes for local kids, fund scholarships, purchase dictionaries for classrooms, as well as funding vaccinations to eradicate Polio. Those are a few things we contribute to. I would encourage anyone to join a service club."

Susan: "RAA, the L Society (Dave Lindahl), FALA, former Burley Black Card."

ABOUT YOUR PROPERTY IN ARIZONA?

Terry: "I went to a real estate boot camp in Phoenix, Arizona in 2003 and was invited back as a student teacher in 05, 09, 10, 11, & 12. Properties that were 150-200k in 2005 were selling for 40-60k in 2009 with rents of 875-950mo. The bad part was it was a cash market and our banks wouldn't lend there. It took about a year to get a HELOC on our home then our cash and credit was tied up for 18 months. We make less from a distance because our mistakes cost more. We bought four houses and put one in our Roth IRA. This summer we had three offers to finance the proper-

ties and took all but 30k off the table. After expenses each house cash flows around 500/mo. and has a 60k back end. We are searching for larger multi-family complexes in growing markets close to home."

Susan: "We were part of a mastermind that met in Phoenix four times a year. We watched the market bottom out and decided to buy some houses there. It's been a learning experience, both with long distance management of our homes and in realizing how much we do everyday that we took for granted and assumed everyone knew how to do. The homes we have there are cash flowing well and we've gotten back the cash we put in. They've also appreciated and continue to go up in value, so it's working out. The biggest challenges were finding reliable contractors to fix them up front, and managing the manager is an on going process."

STRANGE OR FUNNY STORIES?

Terry: "We couldn't get funding for Phoenix so we asked friends and family to invest with us and failed miserably. We never shared much about our business, my education, or what we had done with real estate so people doubted that I could buy houses in Phoenix. I forgot to tell them I had already bought 120 houses!!!"

Susan: "We were advertising an apartment for rent in the middle of winter that included heat. The ad even had a picture of a kitten curled up on a radiator. I had someone call and ask, "What's heat?"

BEST ADVICE FOR NEW LANDLORDS?

Terry: "Put real estate in a self-directed (Roth) IRA.

I AM FAMILIAR WITH A ROTH IRA, BUT HOW DO YOU PUT REAL ESTATE INTO IT?

Terry: "All of our money in our IRA's were invested in the stock market when it went down in 2000 and we

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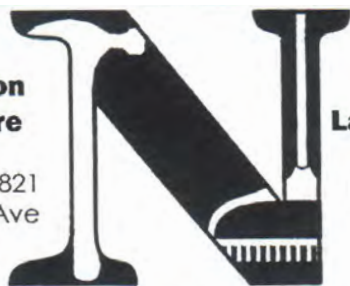
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Homestead Exemption

The 2014 Homestead Exemption form is now available. You can download the form from the County Assessors website: www.wincoil.us/media/63353/2014_rental_-_owner_occupancy_exempt_app.pdf

You need to fill out the form (Pin, Address, Annual Property Tax, Tenants Name (s), Management / Owner) and have your tenants sign and date it. The owner / manager also needs to sign and date the form as well. Once all this is completed and signed, you need to make a copy of the lease and turn both the Exemption form and the lease in to the assessors office BEFORE April 1, 2014.

In order to qualify for this exemption the tenant had to be in the property as of January 1, 2014. If the home is vacant on January 1st, you are not able to apply for this exemption.

If you have any questions you can contact the assessors office at 815-319-4460. Please be nice to them. They are awesome people doing a thankless job and have no control over the tax rate and do not make decisions about your properties assessment. Use the protest system for those issues. You can also contact me, Tim Hoffman, with general questions at 815-988-4004. Happy New Year and Good luck in 2014.

—Tim Hoffman, VP

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decided to switch to real estate because it is what we know better. IRA's can be self-directed which allows real estate to be put into it. A Roth allows tax free compounding instead of tax deferred. The sooner, the better, because of compounding."

BEST ADVICE FOR NEW LANDLORDS?

Susan: "Have strict qualifications and don't make exceptions. If someone doesn't pay on time, they have to pay in full in the current month. If they can't they won't ever get caught up so cut your losses at one month, move them out friendly if you can, and don't be afraid to evict if you have to. Some one who is not paying is stealing from you and your family."

PET PEEVES?

Terry: "Financial irresponsibility in general. I often hear people say they don't have money, yet they will overspend or worse yet, go into debt on credit cards to overspend on consumer items and don't believe it matters. If you are in a hole and want out, you have to stop digging. DEBT IS MODERN DAY SLAVERY."

Susan: "People who don't meet our minimum qualifications during the prescreening, who keep calling, thinking that if they change their answers they will get to see a home. Also, people who lie and then get mad at us when we call them on it."

WHAT CAN FREEPORT DO TO HELP LANDLORDS?

Terry: "Freeport could work with landlords instead of alienating them. The city doesn't enforce building codes and blames landlords for the housing issues. They see small landlords as a funding source, a rogue

business to regulate."

Susan: "The best thing Freeport could do is enforce it's ordinances. Instead they are charging landlords a fee for owning property. The Mayor is justifying the fee by blaming landlords for the crime and deteriorating porperties in town, when really those issues affect homeowners as well as landlords. This looks like it's going to be an ongoing issue with this administration. I never thought I'd be involved with politics, but I will stand up and fight to protect my business from unfair practices and shortsighted politics."

GO SUSAN!!!!!!!!!!!!!! FAVORITE TRAVEL PLACES:

Terry: "In the Marines I got around and lived in multiple places on Okinawa and on Mt. Fuji in mainland Japan. We started traveling when I worked for Charles Givens because he had a travel company. We like tropical beaches and warm water. In July we took the family to Maui for my daughters graduation because she wanted to learn how to surf. We like Cruise ships, because you get to see multiple places. We have been to the Bahamas, St. Thomas, Puerto Rico, Cozumel, Cancun, Jamaica, Belize, Roatan, Honduras, Grand Cayman, Rio, Igassu Falls. We are looking for the right place for our home on a beach."

ANYTHING ELSE YOU MIGHT WANT TO ADD?

Terry: "Never ask an investor for money, offer an opportunity to invest. Look at getting investors like dating and get to know them first before offering an opportunity. You are looking for a marriage instead of a one night stand."

The Lone Ranger and Tonto went camping in the desert. After they got their Tent all set up, both men fell sound asleep.

Some hours later, Tonto wakes the Lone Ranger and says, 'Kemo Sabe, look towards sky, what you see?

'The Lone Ranger replies, 'I see millions of stars.'

What that tell you?' asked Tonto.

The Lone Ranger ponders for a minute then says, 'Astronomically speaking, it tells me there are millions of galaxies and potentially billions of planets. Astrologically, it tells me that Saturn is in Leo. Time wise, it appears to be approximately a quarter Past three in the morning. Theologically, the Lord is all-powerful and we are small and insignificant. Meteorologically, it seems we will have a beautiful day tomorrow. What's it tell you, Tonto?'

"You dumber than cow pie. It means someone stole the tent."

Dean Impey

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Rockford Apartment Association Code of Ethics

We, the members of the RAA, recognizing our duty to the public and the intimate nature of the relationship between the apartment resident and the owner, or manager, and being aware of the vastly increasing role of the apartment industry in providing the home of the future, and in order to provide the apartment-residing public with the maximum in quality and service upon the highest standards of honest and integrity, do hereby bind ourselves, with each and every member, together and alone, agreeing that, so long as we remain members of the RAA and so long as nothing contained herein shall be unlawful, we shall:

- Promote, employ and maintain a high standard of integrity in the performance of all rental obligations and services in the operation of our apartment communities.
- Maintain and operate our apartment communities in accordance with fair and honorable standards of competition, ever mindful of the purposes of the Rockford Apartment Association and in compliance with the by-laws thereof.
- Strive continually to promote the education and fraternity of the membership and to promote the progress and dignity of the apartment industry in creating a better image of itself in order that the public may be better served.
- Seek to provide better values, so that an even greater share of the public may enjoy the many benefits of apartment living.
- Establish high ethical standards of conduct within the apartment industry in the business relationship between the owner, managers and suppliers of products and services to the apartment industry.
- Maintain property standards of the appropriate governmental authority.
- Ensure that every qualified individual, regardless of that individual's race, color, religion, gender, disability, familial status or national origin is afforded the same opportunity to rent an apartment and enjoy the benefits of apartment living.

Financial statement available upon request to members in good standing.

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Tuesday, January 21

Landlords Getting Involved

Guest Speakers : LoRayne Logan of Transform Rockford and Cindy Hall of Neighborhood Networks

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Forms are available at the following locations. Please call in advance to be sure someone will be available to help you.

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