

# Kenosha Landlord Association

## A Local Chapter of the Wisconsin Apartment Association

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#### To Our Members

Thank you Mike Meyer and Brian Hervat, who were our featured speakers at last month's meeting. KLA members were given an informative presentation on technology tools, their value and benefits.

Our next membership meeting, on Wednesday, March 16th, will feature 2 speakers, Jeff Shavlik from Finance Systems of Green Bay, Inc. and Rick Russell from Wisconsin Legal Blank.

Finance Systems of Green Bay is a full service collection agency established in 1980 to better serve the collection needs of Wisconsin and the Midwest. Jeff, who has been involved in credit and collection since 1964 will be giving a valuable presentation on the latest laws and regulations on credit and collections.

Wisconsin Legal Blank was established in 1905 primarily as a legal and custom forms printer. Consistently keeping up to date and ahead of real estate and rental regulations, federal renovation requirements, and mandatory court documents, WLB has maintained their presence as a forms provider to many industries, small businesses, and individuals. Rick Russell will discuss the proper rental forms that are required.

DISCLAIMER: The Kenosha Landlord Association publishes this newsletter to create awareness of issues relating to the rental housing industry. Information is compiled from a variety of sources and the views and concerns expressed by the contributors do not necessarily reflect those of the editor or the Association.



WI New Landlord Tenant Law - 8 Thing To Know

Source: http://justalandlord.com / By Tim Ballering



Governor Walker has signed AB568. This is the third major revision to WI Landlord Tenant Law in three years. It will take a while to digest all the implications of the new bill, even for those of us who watched it go through the legislative process over the last six months or so.

#### Some of the Highlights:

- The new law allows the termination of a tenancy for criminal activity. Drug dealing is one of the crimes you can evict for, but simple possession or use of drugs is not. Politically, allowing possession was necessary. But it is still disappointing that owners that wish to still cannot expect drug free housing. With this new tool to address problems year leases are practical in more situations than they are today. An advantage of leases is less turn over and that should make neighborhoods more stable. Keep in mind that the Wisconsin protections for domestic abuse victims remain in place.
- Another change affects month to month tenancies The ability to use 5 Day notices for breaches. Now when the tenant shows up with a pit bull you can respond with a 5 Day instead of a 14 Day. An advantage to the tenant is they can correct their mistake and not lose their home. This may also permit the including of late fees and other charges that the tenant owes on a 5 Day notice. I will get clarification on this.

There are a bunch of changes that should help keep local governments a bit more in check.

#### This Legislation:

- Prohibits rental property inspections except upon a complaint or as part of a program of regularly scheduled inspections conducted in compliance with state or federal law. Think fire inspections.
- Dramatically changes "Reinspection Fee" by limiting the escalating fee scheme as well as allowing fees only when there was an actual, physical inspection of the property. Currently these fees double every 30 Days until they are six times the original fee, plus often there is no actual inspection associated with the fee. This is important as many of the abandoned and foreclosed homes in my neighborhoods appear to have ended up in that state in part due to fees imposed by Milwaukee. The fees imposed on these proper ties also make it harder for someone to come in, buy the property and put it back in service.
- Prohibits rental property certification or licensing schemes unless the requirement applies uniformly to all residential rental property owners, including owners of owner-occupied rental property.
- The law still allows for programs such as Milwaukee's Property Recording Ordinance, but most likely they will no longer be able to charge a fee.

Prohibits an occupancy or transfer of tenancy fee on a rental unit.

#### **Time of Sale Protections:**

- The bill prohibits local regulations with respect to taking title to or occupancy of property.
- The new law also changes things with regards to sprinklers, historical buildings, trespass and towing.

Stay tuned as we get more information on what these changes mean to us and what lease language will be updated.



DIY Collections & Evictions Overview

Source: http://justalandlord.com / By Tim Ballering



The following is a basic outline of the steps required for an eviction. These instructions and forms are optimized for Milwaukee County, however most are valid statewide.

Disruptive tenants only get worse the longer they are allowed to act poorly without intervention. A tenant who is falling further behind in their rent is less likely to be able to pay off their balance as time goes on. Owners who succeed address the problems quickly. Either the tenant resolves it, moves, or the owner evicts.

The problem for a lot of owners is they are intimidated by or unsure of the process. Here is an overview/outline:

- All eviction actions begin with a properly served notice to vacate. In Wisconsin the most common notices are the 5-day, 14-day and 28-day notices. If you use a rental agreement or lease with a longer notice period the 28-day notice is replaced by a notice with the length of time contained in the lease or agreement, often 45 or 60 days. The type of notice you will use depends on the reason that you wish the tenant to vacate and the type of rental agreement that you have with the tenant.
- After service of the notice it is important to attempt to discuss the problem and possible resolution with the tenant. Physical eviction is expensive for the property owner and unpleasant for the tenant. If it can be avoided so much the better for all, but be careful not to be taken advantage of by tenants who make promises they have no intention of keeping.
- Once the notice period has expired and the problem isn't solved, it is time to begin the eviction. This is done by completing the required paperwork, filing these papers with the court and properly serving the tenant. The court fee is \$99 and typical fees for serving the paperwork are \$15 to \$40.
- If you own the property individually you can appear in court yourself. If you own the property in an LLC or corporation you will be required to have an attorney or full time employee of the entity appear. A member of an LLC is not considered a full time employee by the courts unless you take your pay as wages, which few owners do.
- At the first court hearing you should receive an Order for Writ of Restitution (a court order for the Sheriff to remove the tenant). The court may "stay" the writ for a week or two. You can either take judgment for the money amount at this hearing or schedule a "second cause" money judgment hearing. Since the tenant has not vacated, it will be difficult to assess the total damages you have suffered. For this reason you may wish to return to court for a second hearing at a later date. This choice is based on 1) you and the tenant agreeing to the amount owed and 2) if you believe you will be able to collect from this tenant and it will be worth the time.
- After you have the order for the writ you must purchase a Writ of Restitution from the Clerk of Courts for \$5 and complete the Writ of Restitution form.
- You are required to hire an approved mover who may require a deposit of \$300 to \$400. The mover provides you with a letter of intent. The Sheriff will not accept the eviction without this letter.
- You then give the Milwaukee County Sheriff the Order for Writ, the Writ, and the letter from the mover along with a check for \$130. The Sheriff will move the tenant within 10 days.

There are a number of potential errors you can make that can delay the eviction. But, don't fall for the urban myths. Evictions can occur year round, including winter. Christmas and other holidays only slow an eviction by a day or two.

Like so many other things in life, doing it yourself is sometimes far more expensive in time and aggravation than hiring the work out.



**Customize Your Units To Make Renters Feel At Home** And Renew Their Leases Source: Property Management / By Lauren Shanesy



Industry experts say allowing residents to add personal design touches to their units increases the likelihood of lease renewal, often at little or no extra cost to either party.

When Kellie Falk, managing director at Drucker & Falk Real Estate, received a letter from a longtime resident at one of the company's properties, she hadn't realized the lengths renters would go to to turn their apartment units into a permanent home.

The letter came after Drucker & Falk had sold the property to a new owner but stayed on as the property manager. The new owners were looking for capital to reinvest in the development, which meant raising rents about \$200 per month for existing tenants.

The resident, a woman in her 80s who had been living in the building since it opened nearly 15 years prior, couldn't afford the new cost of living. But she hadn't planned on moving, ever. As she told Falk in her letter, she had invested at least \$3,000 over the past decade and a half to create a garden oasis on her balcony.

"I went out there and looked, and, sure enough, she had planted trees and bushes and takes care of it every day," Falk recounts.

While the average resident may not be spending a large sum of money on extravagant home features, Stephanie Williams, president at Bozzuto Management Co., says there is a regular demand for small changes that tenants want to make to their space. Often this includes small tweaks to elements such as the wall color or light fixtures, but it can include requests for the addition of a ceiling fan, rearranged cabinet storage, different flooring materials, or the repositioning of movable kitchen islands.

While property managers say making such changes hasn't been found to be a noteworthy source of revenue for their companies and, in fact, is often offered at no charge, the benefits are found in the increased retention that comes with allowing tenants to make a space their very own.

"We're really focused on the resident experience and giving them the ability to make their home a sanctuary," says Williams. "Just because it's an apartment doesn't mean there aren't modifications that residents want to do "

Bozzuto is one of the property management companies that allows residents to make small changes or assists them in customizing the apartment. Residents can paint walls in the unit, usually as long as they return the room to the original condition before leaving. Changing out light fixtures or installing ceiling fans is also an easy way for tenants to make a unit feel more like home at little hassle or cost.

"We don't typically charge for [something like that] because we want them to take some ownership of the unit and to personalize it," says Williams. "If it's not a wholesale change to the unit, then we're more than happy to help them do that."

For future residents of new-construction units, it can be a lot easier to tailor an apartment to personal tastes by letting customers select finishes before they're performed.

"We usually try to have a minimum of two packages of different kinds of flooring, carpet, cabinets, and countertops, and there's no up-charge because they're going to go in there anyway," says Falk.

A downside to letting residents make changes in their units is the possibility of a messy cleanup process, especially when DIYers opt to do their own painting or switch out light fixtures themselves. Likewise, a room that's been painted a very dark color can be difficult to restore to its original hue, or mistakes can be made when installing a light fixture that could damage drywall.

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- Fire Safety

Waste and Disposal

#### Customize Your Units To Make Renters Feel At Home And Renew Their Leases (con't)



But many management companies have an easy fix by recommending painters and contractors, or providing services through an on-site building service person who will do the job at no extra charge to residents. In fact, having an on-site employee to assist with these services can make residents feel more comfortable in the building.

"It actually helps build a relationship with that service person, which I find, again, encourages someone to stay," says Williams. "That's a really important relationship too—the one between the customer and the service staff."

All in all, allowing changes in a unit makes for happier, and more attached, residents who will want to make your property their longtime home. Modifications on a small scale may not generate any extra form of revenue for your company, but it will pay off in the long run when renters feel invested in their space and, therefore, decide to renew their leases.

"I think we find a benefit, and, quite honestly, I think the more you allow a resident to customize a unit, the more it encourages them to stay," says Williams. "It makes it special, and we love for someone to do as much as they can to feel comfortable in their home."





For most of my career I felt strongly that M-T-M was the only way to go if your tenants were lower income. About a year ago I rethought this. Okay I constantly rethink a lot of things we do on nearly a daily basis, it's called optimization, but this time we did a trial test of year leases. I feel a lease for a term may be best in today's environment, but have not recommended it across the board for other owners we work with.

My argument against year leases was that you could not compel them to pay the lost rent for the balance of the lease if they skipped out, yet had to keep the tenant to the end of the lease even if you would prefer they were gone. The exceptions of course are nonpayment and documentable lease violations. With a month to month it is 28 days without cause and 14 days with cause- no right to cure, speeding the process.

The following are possible advantages of using a year lease even if your tenants are marginally collectable at best:

**Screening**: Tenants that refuse to sign a year lease because they don't plan on being at one address that long are not worth renting to.

**Collections**: In a M-T-M a 5 day can only be for rent due, not for other unpaid charges. With a lease the 5 day can include unpaid deposit, late fees, utility charges, etc.

**Bad behavior**: In a M-T-M you can use a 14 day with no right to cure. This does not lessen your burden of proof and does not make the 90 pound pit bull "puppy" leave any faster. In fact it often causes the dog to stay for the remainder of the tenants' occupancy. You can also give a 28 day notice without any reason (or 30 or 60 if that is what you have in your written agreement.)

In a year lease you can use a 5 day. Sure they have the right to cure, but if the same breach occurs again within the lease period you get to use a 14 day with no right to cure. The five day has sped up the resolution of some issues tremendously. Take the pit bull example. If the dog is gone within five days, never to return - great. If on day 6 the dog is still there you can file with the court. This can calm the other tenants and neighbors quicker because you seem more on top of the situation.

Yes, the tenant can argue that the breach did not exist. They could argue that with a 14 day notice under a M-T-M as well. That is why using a 28 day without cause was a method that worked for M-T-M. But you really do not want to be evicting willy nilly anyways. That makes you look bad and harms your bottom line. So, adequate proof is not necessarily a bad thing. Plus if you find a dog on April 4th and decide to give the tenant a 28 day rather than duke it out with a 14 day, you have to put up with them until May 31st and then file an eviction on June 1st if they are still there. So it could be late June when they are finally gone. With a lease you could be in court as early as the 18th or 19th.

For me today, it is use the year lease and document, document, document any breaches. Then, if you need to go to court to evict be prepared to include some sort of stipulation. In the dog example you may wish to give them a move out that coincides with the last day of the month conditioned upon them keeping the dog elsewhere for those 12 days and paying the rent.

If the legislature gives us the same 5 Day rights under a M-T-M as we have under a year lease I may reconsider the use of leases, but I am not sure as I feel pretty strongly today that it is a bad sign if a tenant is unwilling to sign up for a year.

Ideally the legislature will also give us the right to use crime free addendums again. That will help owners deal more proactively with disruptive behavior problems.



Wisconsin's Top 10 Consumer Complaints In 2015 Source : http://datcp.wi.gov/ Submitted by: Michele Krause



Landlord/Tenant complaints remained steady from 2014, holding at second on the list. Issues that typically led to complaints in this category included disputes over security deposits, unauthorized entry, inadequate disclosures, and evictions.

"The best protection for landlords and tenants alike is to read and understand the provisions in the lease and to stay abreast of changes in the law," said Frassetto.

To assist both parties, DATCP provides a comprehensive Landlord/Tenant Guide that outlines state laws regarding landlord/tenant relations. This free document is available both on the DATCP website and by calling the Consumer Protection Hotline at 800-422-7128.

Rank	Product/Problem	Complaints in 2014	Complaints in 2015
1	Telemarketing (Do Not Call)	2,166	2,550
2	Landlord/Tenant	1,349	1,407
3	Identity Theft	460	823
4	Telecommunications	1091	754
5	Home Improvement	403	426
6	Motor Vehicle Repair	222	270
7	Gas Pump Accuracy	328	251
8	Motor Vehicle Sales (Used & New)	222	220
9	Computer & Equipment	133	124
10	Radio/TV/Video/Stereo	68	114
The number of complaints in 2015: 10.787			

The number of complaints in 2015: 10,787



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How Do I Hire A Collection Agency To Collect My Tenant Debt? Posted by Bill Gray / thelandlorddoctor.wordpress.com

Handing my tenant debt immediately to a collection agency is not my first preference. Myself, I would first report the debt to Experian, Equifax and TransUnion, and let the ding on the debtor's credit work a few months before I gave it to an agency that will charge me a hefty commission.

Collecting tenant debt is much different than collecting other debts, such as credit card debt. A collection agency represents you and your business, and you could be taken to court should they violate the law. And, just as important as any legal matters, is how well they will collect your debt.

I have worked in the industry for 12 years and would like to believe that most collection agencies work hard, ethically and within the law. But, as in most industries, there are those agencies that I consider to be renegades. They operate outside the law, or right on the edge. Unfortunately, these companies get all of the press, thus making all agencies look bad.

The fact of the matter is that the collection industry fills a critical need in the business world. Imagine if everyone could just stop paying their bills with no repercussions. Do you think any bank would loan anyone any money? And what would it do to the prices of all goods and services?

Here is what I consider the most important factors in hiring an agency to collect tenant debt:

- Has the agency had any verified Federal Trade Commission (FTC) violations? The FTC regulates and investigates the collection industry; more than one violation would concern me.
- Is the agency licensed in all 50 states? While this is not required to do business, this question helps me sort out the companies that have a national presence and are large enough to fulfill the many state requirements.
- Is the company bonded and insured? If the company does not carry a minimum of \$1 million dollars of liability insurance, I would not give them my business.
- Does the agency report debts to Experian, Equifax and TransUnion? This is one of the biggest collection tools agencies use to motivate a debtor to pay his or her debt. Not all companies report.
- What type of debt does the company specialize in? The list of types of debt agencies collect is extensive. They may collect commercial or consumer debt. Consumer debt may be a car loan, credit card, utility bill, mortgage, medical bill, rent, etc. To do a good job collecting tenant debt, an understanding of the terminology and the business is critical. Very few nationwide collection agencies specialize specifically in collecting this type of debt.
- Does the company collect judgments as well as non-judgment accounts? Few companies that collect debt for landlords collect both types of accounts.
- Do they work the account for the life of the account? It is common for agencies to work the newest accounts they receive the hardest. As an account ages, it is deemed less collectible. Often agencies will work the account hard eight to ten months, and after that they rely almost solely on the credit bureau reporting to help collect the debt. It costs a company more to have a collector working older accounts; therefore expect a good agency to charge a higher fee. I want a company that works the account for as long as it is legally possible. If reporting the debt to the credit bureaus is enough to collect the debt, I can do that very easily and inexpensively myself without paying any commissions.

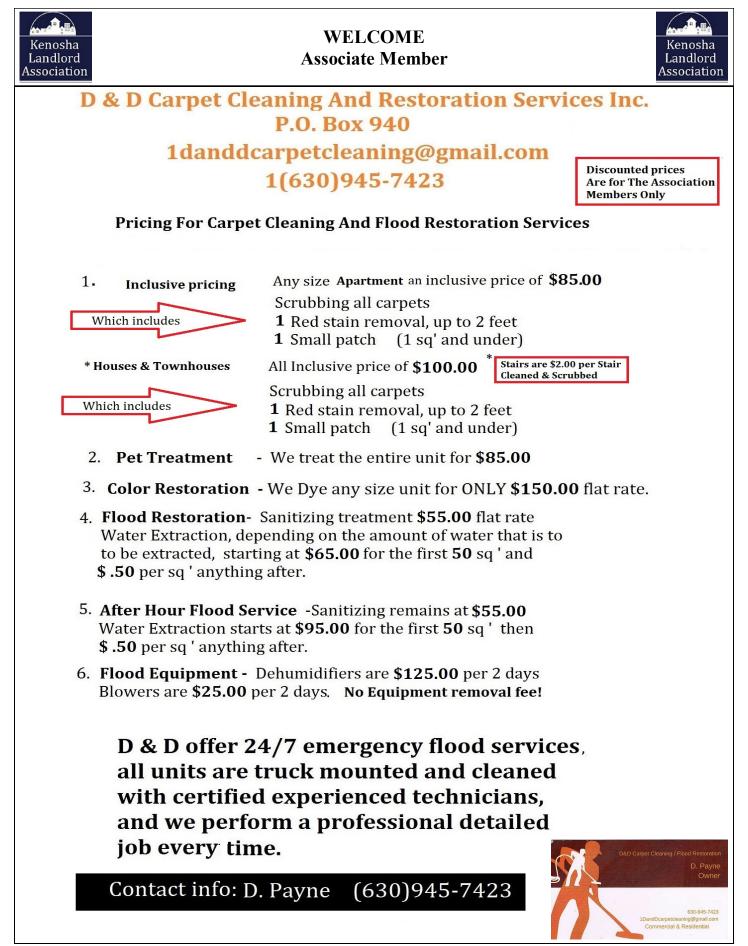
### How do I Hire A Collection Agency To Collect My Tenant Debt?



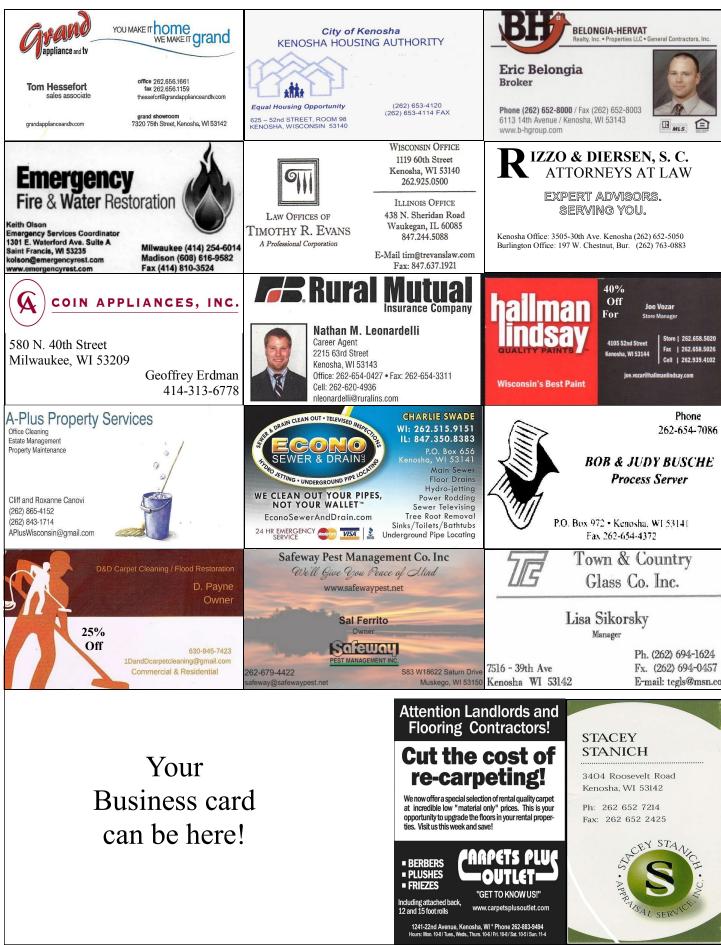
- Does the agency pre-judge accounts? In the industry this is called "rating the paper." Amazingly, at least one company that specializes in tenant debt brags that they rate accounts before they even begin collecting them. This allows the company to spend it's time and resources on debts they "believe" are the most collectible. This reduces their overhead, but does nothing to help many of their clients. Landlords that lose out are those that rent average apartments to everyday average people. Do you want to hire an agency that only focuses on high-end properties, with well-to-do debtors? You would get about the same amount of effort if you reported the debt to Experian, Equifax and TransUnion yourself, for a lot less money!
- Does the agency accept collection accounts from independent landlords? At least one of the few nation wide agencies that specialize in tenant debt will only take on clients who own or manage a minimum of 100 rental units. This is because they do not want to be bothered by customer service calls from independent landlords.
- Will the company provide you with references from other landlords who use their services? References are important so that you may learn not only how well the agency collects your money, but also how they treat their clients. I have known of agencies that treated their clients poorly when they called with a question or concern.
- Does the agency you interview boast about how much better they recover debt than other companies? If they do, run! Run for a couple of reasons: If indeed they do collect more than other agencies, how do they do it? Do they threaten debtors and violate the Fair Debt Collection Practices Act (FDCPA)? This could increase the chances of your being dragged into a lawsuit. Likely their boasting is merely a sales ploy, and a cheap one at that. An overall average of how much they collect means about as much to you as what they had for breakfast. Plus, you have no way to verify their claims. The truth is that is no one can predict how well they can collect for you until they look at your accounts and work on them for awhile. In fact, it may be a couple of years before you can realistically evaluate whether the company you hired was effective. This is why doing your research up front is so very important.
- Does the agency charge you a fee to take on your debtor file? Unless they can justify the charge, and it seems as if they are an excellent company, I would continue looking for another company.
- What does the agency charge for collecting your debt? This question comes last, because it is the least important; but, it is often the first question I am asked. When I am asked this question first, I know I am talking to someone who does not know what else to ask. The fact is that you may find a company that charges 30 percent of what they recover. But, for 30 percent, they are limited in the resources they can commit to collecting your debt. Would you rather see a recovery of 30 percent of nothing, or 50 percent of a \$3,000 debt? Do not be fooled by a very low commission rate.

I realize that this is a very long list of questions and concerns. But, once you have done your homework and hired an agency, you can get on with the task of running your business and not worry about it further. A good portion of tenant debt is recoverable if you and the agency you hire do your jobs. It may take some time to collect what you are owed, but recovering lost profit at any point is icing on the cake.

Again, sending an account to an agency is not my first choice for collecting tenant debt. My philosophy is that I would report the debt to the credit bureaus myself and collect the easier debt. After several months, when I had already collected the easy debt, I would give the account to a reputable agency and let them get to work.



KENOSHA LANDLORD ASSOCIATION NEWS



Kenosha Landlord Association The Future For Kenosha Landlord Association Help Keep Us Strong



The KLA Association is only as strong as our members, and the participation of our members is critical for our growth and success. We have established a number of committees (teams) to ensure that our association continues to meet our goals, retain and add members, and provide education, leadership, and representation to ensure that YOU are able to operate your rental business successfully, ethically, and responsibly. The board members and committee members have agreed to volunteer their opinions, skills, and time to make this association the best it can be. Please consider getting involved and help make a difference in YOUR association.

We are always looking for topics that you as a KLA member would like to hear about. If there is a specific topic you would like to hear more about, please send an email to *kenoshalandlords@gmail.com*. If you know a landlord that may be interested in joining, bring them as your guest. If there is a business that would benefit from joining, invite them as your guest.

