Kenosha Landlord Association

A Local Chapter of the Wisconsin Apartment Association

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In this issue

Kenosha Landlord Association, Inc.
P.O. Box 1505,
Kenosha, WI 53141

www.kenoshalandlordassociation.org
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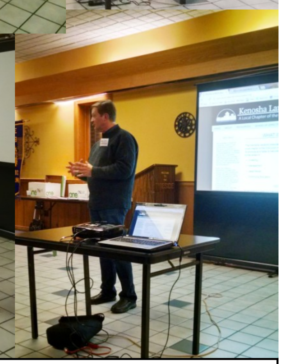


To Our Members

We would like to thank Rick Russell, from Wisconsin Legal Blank for his presentation on navigating the WLB website and forms available to landlords. We would also like to thank our associate member, Tom Hessefort, who came and spoke about all the specials that Grand Appliance will be having. Thanks also to Paul Magnason, from Apartment Connection, LLC, and his short presentation on the online apartment guide that is a great media tool for landlords.

As we close another successful year, we would like to thank all our members and associate members, for your continued support of our organization. We hope you will all be renewing your membership for 2017. With the addition of new members this year, we can only become stronger and more vibrant as an organization.

The KLA Holiday Party will be held on, Wednesday, January 18th, at Circa on Seventh. You will find the party reservation form on page 11 of the newsletter. The deadline for the discounted savings is January 12th. Please register early.

The holiday party will also serve as our January meeting. The current board will announce their recommendations for the 2017 board positions and all members present will vote on the candidates. The 2017 board will then be officially sworn in. The next meeting following the holiday party will be Wednesday, February 15, 2017.

What Will Happen To Mortgage Rates In 2017? (7 Expert Opinions)

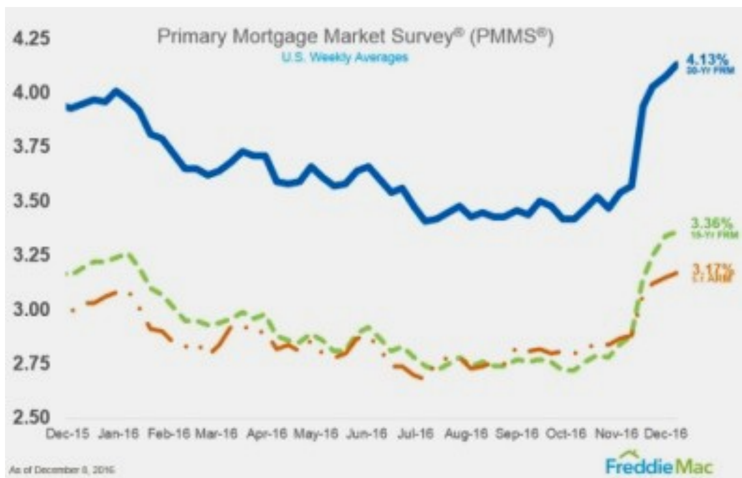
Source: https://www.inman.com

Where rates are expected to go and how buyers and sellers will react.

Rates are likely to hit 4.5 percent to 5 percent next year. This could put pressure on buyers to act; there are usually options open to buyers for working around higher rates, but buyers in high-priced markets will have more problems. It could also stymie the existing-home sale market as sellers decide to stay put instead of trading up at a higher mortgage rate.

Throughout 2015 and 2016, buyers enjoyed historically low mortgage rates for many months — which finally began to increase in mid-November, despite predictions that they'd rise sooner. With such an unusual end to this year, what should real estate agents (and their clients) be expecting in 2017?

Inman interviewed seven housing and economy experts to dig into their thoughts about mortgage rates next year; here's what they told us.



Will we see rates go back down?

Short answer: Not likely.

"The day has finally come that people have been talking about for two years, when you start seeing a steady rise in interest rates," said Steve Cook, editor of Real Estate Economy Watch. "The kind of rates we were getting earlier this year, down to 3.5 percent. Those days are over," he added.

"I'm thoroughly confident that historic lows will not be reached again anytime soon," confirmed Ralph McLaughlin, Trulia's chief economist.

"I don't believe we'll see any pullback until after the inauguration, but even the best-case scenario suggests that the historically low rates that have been in place for the last few years are firmly in the rear-view mirror, and that the trend will be toward increasing rates through 2017," said Matthew Gardner, Windermere's chief economist.

How high could they get?

The consensus was that the 30-year fixed rate in 2017 will likely stay in the 4-percent range. 4.5 percent to even 5 percent by year's end.

Mark Fleming, the chief economist at First American, said that his new estimate of next year's rate movement "shows mortgage rates getting much closer to 5 percent at the end of next year. "Because of that, we

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estimate that that will reduce the amount of expected home sales by about 200,000 over the course of the entire year, which is roughly a 4 percent decline on our original expectation. With rates floating around 4 percent or so, we could see an increase of 50 or so basis points in the next 12 months," predicted Cook.

"Our forecast is saying we expect mortgage rates to hit 4.5 percent next year," said Jonathan Smoke, chief economist at realtor.com.

"I think in December we'll see the Fed raising rates and we'll see more Fed hikes in 2017, and with that I wouldn't be surprised if the 30-year fixed mortgage rate hits 4.75 percent," said Svenja Gudell, Zillow's chief economist.

"My forecast is for the 30-year fixed rate to rise above 4.5 percent by year's end, and worst-case scenario, knock on the door of 5 percent," said Gardner.

What will buyers do?

As rates start moving up, buyers might feel pressure to act to a point when their homeownership dream becomes out-of-reach. But we aren't there yet.

"We don't think rising rates are going to have a very noticeable effect on the housing market, either in terms of new sales or homebuying activity," said McLaughlin. "Mortgage rates would have to be 7, 8, 9 even 10 percent for the cost of buying to equate the cost of renting. "From a financial perspective, buying a home is still a good deal over a 5 to 7 year period," he added.

"Depending on how buyers see it, it's going to act as an incentive to a lot of buyers to get out there before it gets even worse. But it's also going to make it more expensive, and people who are continuing to rent and see what happens might not take the step to buying," noted Cook. "Interest rates alone have been almost an unintentional subsidy for homebuyers that basically is going away," he added. And the overall economy has a bigger effect on mortgage rates than creating pressure in one direction or another.

"People have been wondering how the run-up in interest rates is going to affect homebuyers in general, much less first-time homebuyers, and in our view, that really depends on whether income growth picks up," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "If income growth picks up, then the rise in interest rates will affect refinancing, but not the home purchase activity," he predicted.

"The reason why we don't see a larger decline in our expectation, is we also have a belief of stronger economic growth moving forward," explained Fleming. "That comes with growing wage growth. The expectation is that wage growth will increase in 2017, which is good for homebuyers." Fleming added that First American's forecast for house price growth is now 3.5 percent instead of 4.8 percent. "You get one negative higher mortgage rates, not exorbitant, but higher than amazingly low ones with two benefits, slower house price appreciation and faster wage growth," he noted. "People adjust their bidding process. It's not that they don't buy; it's that they buy less."

Buyers might be spoiled by the long stretch of low rates, noted Smoke. "When I've looked at this topic historically in the past, what you tended to see was an absolute level that the market reacted to, and in years past that absolute level was closer to 6.5 and 7 percent," he said. "But there are plenty of people who believe that because we've had a decade of historically low rates that the new threshold for that might be in the mid 5s or even as low as 5 percent." So if rates jump above 5 percent, it might be time for concern. But now, there are

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many things buyers can do to offset the higher rates, Smoke noted, including looking at homes in lower price ranges, putting more money down or changing term lengths on their mortgages. "The consumer can mitigate the increase, and we're expecting credit availability to be a bit looser as a result of the higher rates, because lenders can make more money and they'll have to go after the purchase mortgage market as opposed to enjoying the harvesting of the refi market that they've had for the last five years," Smoke added. "Those two factors combine to potentially create a year ahead of us that will be a net positive for demand."

What will sellers do?

When sellers have bought a home at a low rate, and rates are rising, a phenomenon known as "rate lock" can take effect. Sellers have a disincentive to move.

"When rates move dramatically in a short period of time, it's the existing-home market that slows down," said Smoke.

"We've had effectively a 30-year tailwind run of declining mortgage rates," noted Fleming. "At this point in time, maybe they go up or down a little bit, but the long-term trend over the past 30 years has been lower and lower and lower mortgage rates," Fleming noted. "Think about how the housing market is composed: 5.5 million to 5.6 million homes sell per year, with an additional million new, so we're talking somewhere on average of 6 to 6.5 million home sales a year. The vast majority of those home sales come out of the existing market, and what defines the existing market? Existing homeowners. They have to make the decision to supply that home for sale."

This becomes a problem when rates are rising upward from historic lows.

"We now have an entire generation of existing homeowners locked into mortgage rates around 3.5 percent to 4 percent," continued Fleming. "How do we address the fact that the existing homeowner, the largest single source of financial supply, has a built-in financial disincentive to make that supply move? You're making that decision to supply as a function of what you can afford to buy, but all else held equal, because you lose that low rate and have to get a new mortgage at a higher rate, you might not be able to buy your own home back from yourself without an increased monthly payment."

McLaughlin confirmed: "If there are homeowners who bought their homes in the last three to five years and they were able to get a rate of 3 to 3.5 percent, buying a new home means a new mortgage at a higher mortgage rate, so many may decide to stay put and renovate their existing home, which is what many of them have been doing anyways."

How hot markets will fare?

Although most buyers probably won't be overly affected by rising mortgage rates which are still, relatively speaking very low, the hotter markets in the country will definitely see a more immediate effect from rate bumps.

"Even a relatively small change from 3.5 up to 4, is already going to start influencing the more expensive markets," posited Gudell. "So if you're located in San Francisco, Los Angeles, Seattle, New York, Miami, that might very well have an impact on you because you're already stretching your budget as it is to get into a home that you can barely afford at historically low mortgage rates. "In these places where affordability is already an issue, seeing these small bumps will already have a slight dampening effect, and we'll see that affect not on all buyers but specifically first-time homebuyers or lower income folks. People who are repeat buyers or buying higher-end homes won't feel it so much," she added.

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What Will Happen To Mortgage Rates In 2017? (7 Expert Opinions)

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"The markets that really come to mind are Southern CA, Northern CA and the greater New York metropolitan area," said McLaughlin. "In those markets, interest rates will only have to be 5 percent or 6 percent for the cost of buying to equate the cost of renting, so homebuyers there may be a little bit more hesitant to make a large purchase such as a home if they think they might have to move."

What will the Fed do?

"The Fed pushing short-term rates up doesn't necessarily automatically translate to higher mortgage rates, but it does put upward pressure on them," explained Fleming. At last year's December meeting, the Federal Reserve raised short-term rates for the first time in years — and it's meeting again next week, so it's anyone's guess what will happen to rates afterward.

"The stars are now truly aligned to see what the Fed anticipated happening a year or so ago," said Cook. "It's a combination of the continual, gradual improvement of the economy, the cooling down of the international financial problems that were causing delays, and the election, too."

"We had a surprise post-election, not only by the results of the election but the response of bond markets and consequently mortgages," said Fleming. "What I like to say is that President-elect Donald Trump in this case 'Trumped' Yellen — we all expected Janet Yellen and the Fed to finally do another Fed funds rate increase in December, which may or may not have had a relatively large effect on mortgage rates."

"We'll see rates drift down a little bit through the end of the year," predicted Smoke. "The Fed having their meeting and making a policy change would be a reason for the market to back off, assuming they aren't raising short-term rates aggressively and early next year."

Other factors

"If Trump goes ahead with his infrastructure plans, which is probably a smart thing to do and a no-brainer as far as Congress is concerned, it will stimulate the economy and probably increase pressure on rates," said Cook.

"We will likely still see volatility in mortgage rates over the next 2, 3, 4 months as Trump unveils cabinet members and specific policies he wants," said McLaughlin.

9 Tips When You Visit Your Rental

Source: mrlandlord.com

A landlord is about to make their first interior visit to their rental property with this set of renters. The landlord wants to know, what is the goal of the visit? Is the goal just to do a visual check that nothing is falling apart, to verify that there are no unauthorized animals, a meth lab, or anything else that should not be there?

Here are 9 tips, including what to look for and/or bring with you. Start with sending a short note leading up to the visit.

1. Send a friendly letter/email that reads something similar to: *"Dear Bob Smith, I'm Mike, the new manager. It's time for our quarterly/semi-annual/annual maintenance check up. We want your home to work well for you! I'll come by on _______________ at ___ PM. Please be present or have a friend or family member available to allow access at that time. If this time doesn't work, please contact me no less than 24 hours prior to the appointment to reschedule. Thanks, Mike the Manager."*

2. The "official" reason to do an inside inspection is to change furnace filters and check for leaks, which I do. The side benefit is to find the unauthorized boyfriend/girlfriend/pets and to assess damages. If there are any unauthorized guests, before you simply allow them to stay, be sure to run at least an eviction and criminal check on them.

3. Check the "wet" spots. Bring a flashlight to look under sinks, around the tub, in the laundry room, or by the water heater. Water can cause massive damage, and often residents fail to notice or report it.

4. While you're there, check to see if the walls are painted black or if there are any other alterations to the premises. Bring a camera or your smart phone to take pictures.

5. Check your furnace/AC unit. Check the furnace filter (bring some filters to install if needed).

6. Check the smoke alarms (and bring batteries with you).

7. Ask for access to every room to see if the residents are hoarding anything.

8. Check for pets or "stray" animals. Smell or look for litter boxes/food/water bowls.

9. Bring a poinsettia as a house warming gift:)

Happy Sleuthing!

   

Visionary Property Managers Anticipate Tomorrow's Rental Market

Source: www.propertymanager.com/

"All the king's horses and all the king's men couldn't put Humpty Dumpty together again." Most of us can remember this childhood poem which has important lessons and reminders. The winds of change are blowing powerfully since the results of the November 8, 2016 U.S. elections. As the financial markets adjust to the changes and uncertainties so will the housing and rental markets.

The rental markets have seen many consecutive years of growth and prosperity. I'm not suggesting that our industry is like "Humpty Dumpty," but I want property managers to be prepared. First question: who will be tomorrow's renters? According to The Zillow Group's recent "Report on Consumer Housing Trends," the answers may surprise you.

A trend in motion is likely to stay in motion longer than expected. The Zillow study attempted "…to gain a comprehensive understanding of the United States residential real estate market. They "… employed independent market research to conduct a nationally representative, online quantitative survey."

Some of the trends likely to endure and shape the future of the rental housing market are:

- Most rental prospects (84%) use online resources to find an apartment, yet connecting with property owners or managers (62%) and referrals from family and friends (59%) are also common search activities.
- The average rental housing prospect contacts 4.7 apartment owners or managers during his or her search, and 53% consider property staff to be a useful resource while searching.
- The majority (61%) of apartment residents sign a one-year lease, while 14% rent month-to-month, 9% sign a lease longer than one year and 5% have no lease at all.
- Did you know that 57% of apartment residents are female, and that number may exceed 60% soon.
- Residents' median age is 32 and median yearly income is $37,500.
- Millennials make up 56% of all residents, followed by Generation X (28%) and Baby Boomers (12%).
- Slightly more than half of apartment residents are Caucasian (52%), 19% are Latino/Hispanic, 17% are black/African American and 9% are Asian/Pacific Islander.
- 45% of residents are single, 35% are married and 20% are unmarried partners.
- Over half (51%) have a college degree—either a two-year, a four-year or a graduate degree.
- More than a third (35%) has a pet, that's why you'll want to read my recent article on this topic.

One of the certainties of life is change. Bubbles burst, Humpty Dumpty eventually falls off the wall, and demographics shift. Visionary property managers keep up with the trends and adjust accordingly.

Getting Your Tenants To Renew: Why They Stay, And How To Keep Them

Source: zillow.com/rental-manager

Let's be honest, filling a vacancy is a hassle. It takes time, it sometimes means losing out on rent, and it's probably something you prefer to do as infrequently as possible. So if you have a good tenant, how do you get them to stay? While some factors are beyond your control, such as your renter relocating for a new job, there are several things you can do to keep your reliable tenant happy and eager to renew.

Why Renters Stay: Renters stay put for a number of reasons: They may prefer the flexibility of renting, or they can't afford to purchase a home in their desired neighborhood, or they're waiting longer to get married or have kids (frequent catalysts for buying one's first home). The good news is that if your tenant has been at your rental for more than a year, they're likely to stick around a while longer: A comprehensive study of renters found that 40 percent of people who've been in their rental for more than a year have no plans to move within the next three years. Nearly half of them are happy with their living situation, including the price of rent and neighborhood, and a third don't want to deal with the stress of moving.

What About The Other Half: While half of long-term renters are happy with their rental situation, half are less than satisfied. The same study reported that of the long-term renters who are planning to move within the next three years, 55 percent will move to another rental. Don't let that happen! If you're lucky enough to have a good tenant, you want them to stay in *your* rental.

So what can you do, as a landlord, to boost renter satisfaction? Here are 5 ways to keep your reliable tenant happy.

Be available And Responsive: Start by creating a clear, detailed lease agreement that outlines your expectations, and review it in person to answer questions and establish good rapport with your new tenant. Let tenants know the best ways to contact you, any times that you're not available, and then respond quickly to tenant concerns as they come up. Show that you care about the unit and its occupants by checking in periodically to ask if everything is running smoothly at the property; renters sometimes hesitate to bother their landlords with small problems, but those can turn into bigger issues if not managed early.

Welcome Them Home: Help your new tenant get connected with the neighborhood so they can put down roots and have an incentive to stay long term. Providing a small welcome package with useful information such as take-out menus, a list of nearby points of interest ie., groceries, parks, community centers, post offices, libraries and a link to the town or neighborhood blog is a simple yet effective way to help your renter get established.

Solve Problems: When issues do arise, strive to take care of your landlord responsibilities promptly. If something is broken at your rental property, it may seem like just one more thing on your to-do list, but for your tenant, a non-functioning appliance or jammed window can be an annoyance that escalates to a major frustration if not attended to. On the other hand, tenants will have a positive impression of landlords who solve the problem quickly, without complaint, and follow up to ensure that the solution was effective.

Keep Your Tenants In The Loop: Provide as much notice as possible when you know of a change or problem that will impact your tenants. Respect the fact that, for the duration of their tenancy, your property is someone's home. Even if you're doing something minor, like having the trees trimmed, inform your tenants in advance. Changes that cause more significant impacts, like a sewer line repair, increase in utility charges or an upcoming increase in rent should be communicated early.

Be Human: Your rental property is a business, and you should manage it accordingly. But just as a good manager treats staff members with respect and empathy, be considerate of your tenants. Being a landlord is no excuse for treating your renters as inferior. If you have a great tenant who lost their job and needs an extra week to get their rent together, consider whether the "all business" approach of tacking on late fees is in your best interest in the long run. While you should be cautious about making exceptions to your policies, in some cases giving your reliable renter a little leeway and earning their gratitude (and lease renewal) leads to the best outcome.

Rental Property Upgrades That All Landlords Should Undertake

Source: landlordstation.com

Often, doing a few simple rental property upgrades will pay off in the long run; the landlord will benefit from the overall value of their rental property increasing. Giving the property a quick face lift with a few renovations also allows a landlord to ask a higher rent for a unit that outshines all rental competition in the area.

Here are five rental property upgrades that all landlords should undertake to see an increased return on their rental investment.

Landscaping -- Many would-be renters drive by a property first before making an appointment to see the inside. That means that a landlord's first tactic to woo a would-be renter into considering his rental property as their next home is to attract the renter's eyes. Landscaping should be low-maintenance and economical. Planting a variety of shrubs, trees, and perennials around the property helps guarantee that the landscape will flourish for years without needing to be replenished with new plants.

Paint -- A fresh coat of paint on the exterior and interior gives the house a feeling of freshness. It makes the home feel new and move-in ready. A landlord should always opt to paint a rental property in neutral shades such as whites or beige so that a renter doesn't have to be concerned with his home decor matching the home's interior. Choosing paint that has a semi-gloss or gloss finish also helps keep the rental home clean because it readily washes with a wipe-down of warm water to remove dirt marks, hand prints or other blemishes left behind when a renter moves out.

Kitchen And Bath -- Would-be renters are usually drawn to the kitchen and bath. Upgrading or revamping the kitchen and bath usually helps appeal to renters. Often the remodel doesn't have to cost an excessive amount of money, but installing new cabinets, countertops, sinks, toilets, or placing new hardware on existing cabinets helps to give the area a new appearance. Installing new (or newer) appliances in the home usually saves the landlord money because there is less chance of the appliances breaking down. Many landlords have started to provide a washer and dryer for their tenants, which appeals to many families with young children and can be a strong motivating point when a renter is considering different properties.

Flooring -- Redoing flooring in a rental home can be expensive, but it can save the landlord money in the long run. Carpeting gets dirty and worn quickly in a rental house and requires professional cleaning between renters. There is also no guarantee that hard-to-remove stains will ever be lifted out of some carpeting. Hardwood floors look lovely, but may sustain scratches and require costly refinishing. Installing tile or vinyl flooring provides longevity, stays clean, and requires very little professional cleaning between renters.

Cleaning -- Nothing is more important than making sure that the rental property is clean from top to bottom. Would-be renters will usually walk into a vacant rental home and look in every corner or cabinet, and they expect to see clean surfaces. Hiring a professional cleaning company between renters may seem like an excessive expense, but making sure the rental property is immaculate aids in attracting renters who care about their home's cleanliness, which means more money in the landlord's pocket over time.

Simple renovations frequently increase the rental property's overall value and usually provide a bit of a monthly rental bump, which means more money in the landlord's pocket over time.

FIND US ON FACEBOOK
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You're invited to the
Kenosha Landlord Association

Holiday Party!!

Wednesday, January 18, 2017 at 7:00pm
Cocktails at 6:30 pm

Location: Circa on Seventh
4902 7th Avenue
Kenosha, WI

Dinner includes: Dinner Entrée (buffet selection), salad, dinner rolls, dessert, and choice of coffee, hot tea or soda. Tip is included in the cost.
** Please note there will be a Cash Bar. **

The cost is **$15/person** paid by January 12th.
$25.00/person at the door.
Please complete the form below and send with a check payable to:
Kenosha Landlord Association P.O. Box 1505 Kenosha, WI 53141

Deadline to sign-up is January 12, 2017 - No exceptions!

Name: ____________________________

Name: ____________________________

Telephone (___) ____-________

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2016 Annual Holiday Party

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Kenosha Landlord Association Annual Election

We would like to thank all of the Board Members for all your time and dedication to our Organization.
Below is what the current Board is recommending.

President	Barbara Strasierowski
1st Vice President	Dee Dee Kruse
2nd Vice President	Ron Borowski
Treasurer	Doug Powell
Secretary/Media Committee	Jeannette Marchetti-Hamm
WAA Director	Brian Hervat
Membership Director	Mark Nausieda
Director & Media Committee	Mike Meyer
Director & Membership Committee	Rob Chmeil

Additional Committee Member

Media Committee	Michele Krause

All KLA Members are invited to the BOD meetings held on the First Wednesday of the month. There will be a meeting on January 4th. January's meeting will be held at the Shagbark Apartments Clubhouse (4042 Washington Rd, Kenosha). The meeting starts at 6:00. There will be no membership meeting in December.

Be sure to get your Holiday Party invites filled out and sent in. The deadline is January 12th to get the great savings on a great event. After January 12th the cost is $25.00 per person.

Next Meeting

Fireside Restaurant & Lounge

2801 30th Avenue

(262) 764-0601

February 15, 2017

6:30 p.m. networking
7:00 p.m. meeting

Appetizers & Beverages Provided At Meetings

If you know a landlord or business that would be interested in joining,

Kenosha Landlord Association

December
No Membership Meeting

Wednesday January 18th
Holiday Party
&
2017 KLA Board of Directors Induction

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