



TuscREIA

July 2011

“Unit’s” of News

P.O. Box 483, New Philadelphia OH 44663

Inside this issue:

Presidents note	2
Officers & Advisory Board	3
Benefits Info	3
Secretaries minutes May/June 2011	4
FLOPPING/ Newest Real Estate trend	4
FLOPPING/cont'	5
THIS COULD HAPPEN TO YOU. Local Ambulance Chaser	6

July General Meeting: Scheduled: 07/14/2011 @ 7pm.
MEETING LOCATION: [Geib Family Center, East High Avenue, New Philadelphia OH 44663](#)

Our July guest speaker will be: Sandy Simon of Resident Research, LLC

Sandy Simon is the Midwest Regional Sales Manager for Resident Research, LLC, headquartered in Charlotte, NC. Resident Research provides Tenant Background Screening Reports and Pre-Employment Screening services to the Property Management Industry.

Sandy’s presentation is entitled “To Rent or Not to Rent? – That Is The Question!”. She has given this presentation to the Northern Ohio Apartment Association in November, 2010, and to the National Association of Real Estate Property Managers’ Southeast Regional Conference in Virginia Beach, VA in April, 2011.

Her presentation will cover:

- The Importance of Background Screening Rental Applicants -- Reducing Your Risk!
- The Rental Application and Interview – What you Should and Should Not Ask
- The Significance of Obtaining a Signed Release
- How to Conduct a Thorough, Professional, Accurate Background Check
- Adverse Action Letters
- What to Look for When Choosing a Screening Company
- When Bad Things Happen to Good People – Options for Landlords in Collecting Rental Debts

Sandy earned her B.B.A. in Human Resources Management from Kent State University. She has over 20 years of experience in sales, executive management, consulting, and public speaking. She and her husband also own several rental properties. She is a member of the Ashtabula REIA chapter.

“If you can't be a good example, then you'll just have to be a horrible warning.” -Catherine Franklin

2011 Meeting Schedule:

General Meeting: 07/14, 09/08 Advisory Board: 08/11, 10/13 & 12/08
14th Annual TuscREIA Holiday Dinner: location, date & time to be determined.

Watch our web site & your coming newsletters for any changes.



STRUCTURED THOUGHTS....*A note from our President.*

As your 2011 President it is my job to keep up to date on the latest changes in real estate and changes in the financial world. To that end I just finished an article on the disappearance of American Millionaires over the past four years. Since 2007 the US has lost over 800,000 government registered millionaires while other countries have somehow increased their millionaires to a staggering 3,800,000 millionaires worldwide during the same time frame. What is happening to the rich in America? Has the real estate bubble really cost us that much money, or are the truly rich just moving somewhere else?

US has lost over
800,000 government
registered millionaires

With this much money either disappearing or moving off shore is the US being brought down to the status of a third world country? How many more captains of industry and their money are we going to let slip away before our the American people wake up and say taxing the rich unfairly to pay for well fair state policies does not work? Are they moving to the string of islands in the south pacific with laws that make lawsuits almost impossible? Are they moving to the Central American countries where income taxes are nonexistent? Are they

moving to European countries where the taxes are so low or based on earned income alone that they pay next to nothing? Articles in the New York Times and Wall Street Journal have voiced concern over the loss of large blocks of money which have gone missing over the past four years. Millionaires who can no longer be found in the US, along with their money, are now investing in faraway places improving the economies of other countries while killing jobs in the USA. There are far too many other countries in the world willing to accept the wealthy from America that bring their money to invest and build their economies than ever before in history.

We are now in the largest migration of wealth in history out of the US according to the New York Times and Wall Street Journal. And the only response from government is more taxes! Join us 7/14/2011 & 9/08/2011 to learn ways to protect your wealth!!

Jack Jones, 2011 President

Independence Day Trivia:

1. Independence Day was not declared on July 4th.
2. The Declaration of Independence did not cause the Revolutionary War. Instead, the war pushed the colonies to independence.
3. There was little support in Congress for declaring independence until almost the last minute.
4. Thomas Jefferson nearly missed the chance to draft the Declaration of Independence.
5. Not only was Jefferson's draft of the Declaration of Independence not very original, but Congress heavily edited what he had written, cutting his scathing words about slavery.

Read more:

http://www.nypost.com/p/news/opinion/books/five_things_you_didn_know_about_yJ6ugL5Fgflt9HeRg9S67O#ixzz1REnCXabi



Your current Officers & Advisory Board members.

2011 Officers

President	Jack Jones	330/243-1384	jackj1968@yahoo.com
Vice President	Patty McCreery	740/922-0319	pjmac@roadrunner.com
Treasurer	Chris Hopkins	740/922-4028	cmhopkins@roadrunner.com
Secretary	John McCreery	740/922-0319	pjmac@roadrunner.com

2011 Advisory Board

Jeff Koerber	330/364-2928	Tom Wiegand	330/364-6873
Mike Baker	330/343-3332	Jack Lewis	330/340-1861
Marty Chumney		Bryan Mitchell	330/756-2695

Altn: Linda Sherer 330/987-6575	Newsletter Articles & Info	Terri Jones	330/339-3227 taej_tdsone@yahoo.com
------------------------------------	--	-------------	---------------------------------------

BENEFITS & SERVICES PROVIDED TO TuscREIA MEMBERS

WEB SITE: www.tuscreia.com Current forms, newsletters, evictions, court forms, benefits, for sale/for rent ads, & contacts are all located on the web. Contact Terri Jones taej_tdsone@yahoo.com for your permanent user name & password. **NEWSLETTER:** Members will receive a newsletter prior to each general meeting. Information within the newsletter will update members on items of interest since the last meeting. All past & current newsletters are posted on our web site. **CREDIT REPORTS:** Price \$12.75 per person beginning 04/01/10. Fax or email a completed 'Application to Rent' (Rev 05/2008) to our 24-hour fax line 330/308-5303. **PLEASE NOTE**, the information sent to us MUST be readable. The applicant must supply us with complete name, social security #, birth date and current physical address. Signatures of all applicants and the owner/agent along with a return fax number or email address must accompany the request. An Invoice will be sent along with your credit report and must be paid within 30 days or a 10% increase will be added. We suggest you receive an application fee for this service.

EVICTIONS: We currently run a report approximately every 60+/- days for Tuscarawas County. The information is supplied by Tuscarawas County Public Records. TuscREIA provides this information as a 'Business Tool' and should not be held liable for discrepancies. Any errors should be dealt with directly through the county courts. If you think you are missing an update check our web site www.tuscreia.com or please contact Sue Behm @ 330/364-6016 or email psbehm@frontier.com. **NEW MEMBER PACKETS:** New members will receive our 3-Ring Notebook with all forms, master evictions and legal notices. Contact Jack Lewis 330/340-1861 or email jacklewis20@gmail.com for further information. Questions regarding rentals, procedures, evictions, etc., please feel free to contact any officer or advisory board member for help. **ANNOUNCEMENTS:** Births-Surgery-Get Wells-Deaths, please contact Terri Jones. Your help is appreciated

Secretary notes.

From: March General Meeting/February Advisory Board Meeting

May 12, 2011 @ 7pm: The Tuscarawas County Real Estate Investors Association meeting was called to order by VP Patty McCreery . Our president and secretary were unable to attend with regrets. There were only 11 members present and 1 guest. I assume with summer quickly approaching we have a lot of people on vacation.

Our guest speaker was Cheryl Staron the Director of Fair Housing. Cheryl had a very captive audience, with much informative information. Foreclosures are still on the rise even with landlords as well as owner occupied property. As long as the property is still in the landlords name the tenants' legal obligation to pay rent is still the same and the landlord still needs to maintain the property. The lease agreement is valid until the foreclosure is completed. All requests for repairs need to be in writing otherwise you do not have to perform (valid request in writing). There was very much valuable information to absorb.

The meeting was adjourned. The door prize was won by Tom Cannon.

There was a short advisory board meeting following the regular meeting conducted by Jack Lewis. There was discussion of how to promote TuscREIA. If anyone has any suggestions please get in touch with one of the board members. Speakers for upcoming meetings were also discussed anyone wanting someone special or a certain topic again please contact a BD member.

June 9 ,2011 @ 6:30pm: TuscREIA advisory board meet at New Phila Buehlers. The Tuscarawas Real Estate Investors Association, Advisory Board meeting was held 06/09/2011. Jack Jones, Chris Hopkins, Jack Lewis, Tom Wiegand, Mike Baker, Bryan Mitchell & Terri Jones were in attendance.

>>Discussions concerning: 1./Low attendance at our General Meetings.

2./July 14th & Sept 8th Speakers & Topics. 3./Sponsors for Door Prizes & Refreshments.

4./14th annual Holiday Meeting - Whether to continue?, Where?, When (11/3/11), What prizes?

NEXT GENERAL MEETING: July 14, 2011 @ 7-9pm., Location: The Geib Family Center.

Respectfully submitted:

John McCreery, 2011 secretary

The Newest Real Estate Trouble: "Flopping"

Real estate markets are somewhat inefficient. This shortcoming allows me to make my living, because as an agent, I can add value with a keen sense of pricing. However, the imperfect market also allows room for scams. Meet the newest one: "flopping."

As detailed by Lew Sichelman, a long-established real estate writer, **flopping** involves selling an asset at less than market price (to a friendly party, of course) and then reselling it to market.

The property that is bought low and resold high generates a profit, which is split among the parties — generally, the original seller and his non-arm's-length buyer.

"But wait," you say, "didn't that original seller lose a lot of money when he sold his property at a depressed price?"

The answer is: Not if that original transaction went off as a so-called short sale, meaning the property was sold for less than what was owed to the bank, with the bank's permission. In that case, the bank, not the original seller, eats most of the loss.



Continued on page 5

Cont' from page 4

Let's walk through an example. Harry buys a house for \$700K at the height of the bubble, putting 10 percent down, and taking out a \$630K mortgage. Four years later, that house is worth 20% less, or \$560K. The mortgage hasn't amortized very much, so Harry still owes the bank \$610K.

So Harry's underwater. He could hold and wait for the markets to recover. Or he could sell and pay the bank the balance owed on the mortgage out of his pocket. Or he could convince the bank to approve a "short sale" for less than what's owed on the mortgage—in which case the bank, to cut its losses, generally forgives the difference between what's owed and the sale price.

Those are all legitimate choices. The transaction becomes a "flop," however, when Harry gets greedy.

Say Harry decides to convince the bank that prices have actually declined 30 percent. In that case, it might approve a short sale at \$490K. Harry's friend Barry could buy the house for that, and then months later sell it for the true market price of \$560K. Harry and Barry can split the profit of \$70K, minus transaction costs; and of course somewhere there is a happy real estate agent who has earned two quick sales commissions.

The protectors against this kind of nonsense used to be real estate appraisers, who even in an inefficient market were seen as the guardians of value. A 10 percent price swing is fine, and hard to prove, but there were at least professionals who knew the submarkets well and could help zero in on that pricing.

Unfortunately, we hamstringed our own watchdogs. After the housing bubble popped, appraisers were scapegoated and reforms were put in place that made sure the least biased parties in the transactions were paid less money. The **Home Valuation Code of Conduct**, for instance, was a "reform" meant to insure that appraisers didn't simply do the bidding of real estate agents, but it instead had the effect of making life tougher for appraisers, who faced the prospect of covering larger market areas and doing more paperwork for lower fees.

Now, of course, we have to pay the price. A study released this spring by CoreLogic, a market research firm, estimates **the cost of flopping** will exceed \$375 million this year, up 20 percent from 2010.

Scarier, to me, is the idea that nearly 2 percent of short sales (1 out of 52) are what CoreLogic would call "suspicious."

It's a shame that these scammers are tarring the process of short-selling, which for most parties involved is simply a painful attempt to mark their properties to market, get out from crushing financial burdens, and start afresh.

If you're buying a short-sale property, read your contract carefully. In an effort to prevent flopping, your lender may block you from reselling for a certain period of time. Usually these clauses aren't too restrictive (especially given that the CoreLogic study found many flops were resold within a day), but you always want to know what you're getting into.

June 2011: Article form: Real Estate Monitor - Monthly Newsletter. TReXGlobal Community
Read more: <http://moneyland.time.com/2011/06/13/the-newest-real-estate-trouble-flopping/#ixzz1REehgmSn>

TuscREIA

P. O. Box 483
New Philadelphia OH 44663

Phone: 330/339-3227

Fax: 330/308-5303

E-mail:

taj_tdsone@yahoo.com

TuscREIA is a NOT FOR PROFIT educational based organization.

Investors should consult an attorney and/or accountant before making any investment or legal decisions. All members and guests assume the risk of making their own investment decisions.

TuscREIA does not endorse any person or organization or the advertisers appearing in this newsletter. Its programs are designed to be educational, motivational and enjoyable.



**Through experience
& education
we can attain our goals!**

www.tuscreia.com



THIS COULD HAPPEN TO YOU: **F.Y.I.:** If a pet on your property was ever found to have been labeled a viscous animal previous to living at your property and your insurance finds out they *will not pay* out on an insurance claim. Cats can also be labeled as viscous animals.

Continued saga of the 'Ambulance Chasing Attorney': I have no update at this time. Our insurance company & the attorney are still in talks. I hope to have an update of a final report by September.