

## NEXT MEETING

Monday,  
February 16, 2009

Fort Stephenson  
House  
600 W. State St.  
Fremont

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## Sandusky County GIS – What is it?

Our speaker for January is Scott Kieffer, who is a tax map/GIS Technician with the Sandusky County Auditor's office. The new Geographical Information System (GIS), or as they affectionately call it in their office, "**going insane system**", was up and running in May 2008. Although it may be insane at times for them, it truly has become almost a one stop site for most of your real estate information. For those of you that have used the County Auditor's website for the tax card information, now you can get that all on here along with the property diagram, aerial picture, front door picture (in many cases), and a whole lot more. A link can be emailed as well, to perhaps a financial partner or even a potential buyer. If you want to get on line before our meeting and experiment, log on to: [sanduskycountygis.org](http://sanduskycountygis.org). Scott will be explaining all the tricks you need to know to navigate the site and get the most information you can.

Here's a little information about Scott's background. Scott has been involved in the GIS, tax map, civil engineering and Surveying fields since 1977 and has held various positions with the Sandusky County Engineers office for 10 years. For about 15 years Scott was in private practice in the surveying and engineering fields. Scott has been at the Auditor's office now since 2002. In his current position he reviews and approves deeds, assists townships with zoning maps, works with the sheriff's civil office on foreclosure documents, and much more.

This is obviously the guy to teach us how to get the most out of the system. We will either have the site up on a screen or perhaps on a big screen TV so everyone should be able to see it all. So get on the site and get familiar with it and then come ready with all your questions.



## The 4 F's of Real Estate Investing

- 1) Find them
- 2) Fund them
- 3) Fix them
- 4) Flip them (or keep them)

Now the test: your answer to one simple question will tell me a lot about your current real estate investing knowledge.

Question: "Which F is the most difficult?"

1) The Common Answer: Beginners believe funding properties is the hardest part of the process. Beginners struggle to understand the money they want is readily available from others. When you find a great deal, there are people who will make loans secured by real estate. They agree that with your payments they get a set amount of profit, but if you don't make the payments they take property and make an even larger profit.

2) The Correct Answer: Experienced investors focus their efforts on finding deals. Why? Because if you do not have the right deal then there is nothing to fund, fix, or flip. Spend your time on "Finding." The Magic Formula: First, focus 90% of your effort to finding deals. Then invest 10% of your effort in funding, fixing or flipping after the deal(s). Ask yourself, "Have you been putting in 90% of your efforts on finding deals?" If the answer is "No," CHANGE IT.



## Reducing Carbon Emissions in Your Buildings

Global warming is a problem most of the world agrees needs fixing. What most people don't realize, however, is that most carbon emissions in the United States come from buildings, not cars: 85 percent of emissions, to be exact. Whether you are building a new home, remodeling your existing property or replacing old fixtures and appliances, there are steps you can take to lower carbon emissions and save on energy bills.

Here are some changes you can make to your properties to increase their energy efficiency:

1. Energy efficient Energy Star models are available for every major household appliance as well as televisions and computers.
2. Replacing standard bulbs with compact fluorescent light bulbs cuts the energy consumed by lighting by two-thirds. Also, compact Fluorescent bulbs last on average 10 times longer than standard incandescent bulbs.
3. When building, using 2 by 6 studs to frame walls increases the amount of insulation that can be added to your building.
4. Energy efficient windows are dual paned and have a low e coating, which keeps the heat inside in the winter and outside in the summer.
5. Sealing ducts with mastic, a glue-like substance, rather than tape can reduce heat and cooling loss by 25 percent.
6. If you are building a new home, placing the furnace in the center of the house shortens duct runs, lessening the chance of heat and cooling losses.

No matter what level of change you are looking to make, there are ways to increase the energy efficiency of your property.

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## **SOME OF THE NEW TAX LAW CHANGES FOR 2008**

### **Standard Deduction Increased for Most Taxpayers**

Nearly two out of three taxpayers choose to take the standard deduction rather than itemizing deductions such as mortgage interest and charitable contributions. The basic standard deduction is:

- \$10,900 for married couples filing a joint return and qualifying widows and widowers, a \$200 increase over 2007
- \$5,450 for singles and married individuals filing separate returns, up \$100 and
- \$8,000 for heads of household, up \$150

Higher amounts apply to blind people and senior citizens. The standard deduction is often reduced for a taxpayer who qualifies as someone else's dependent.

New this year, taxpayers can claim an additional standard deduction, based on the state or local real-estate taxes paid in 2008. Taxes paid on foreign or business property do not count. The maximum deduction is \$500, or \$1,000 for joint filers.

### **First-Time Homebuyer Credit**

Those who bought a main home recently or are considering buying one may qualify for the first-time homebuyer credit. Normally, a taxpayer qualifies if she didn't own a main home during the prior three years. This unique credit of up to \$7,500 works much like a 15-year interest-free loan. It is available for a limited time only — on homes bought from April 9, 2008, to June 30, 2009. It can be claimed on new Form 5405 and is repaid each year as an additional tax. Income limits and other special rules apply.

### **Contribution Limits Rise for IRAs and Other Retirement Plans**

This filing season, more people can make tax-deductible contributions to a traditional IRA. The deduction is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$53,000 and \$63,000, compared to \$52,000 and \$62,000 last year.

For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$85,000 to \$105,000, up from \$83,000 to \$103,000 last year.

Where an IRA contributor who is not covered by a workplace retirement plan is married to someone who is covered, the deduction is phased out if the couple's income is between \$159,000 and \$169,000, up from \$156,000 and \$166,000 in 2007.

The phase-out range remains \$0 to \$10,000 for a married individual filing a separate return who is covered by a retirement plan at work.

The worksheet in the instructions for Form 1040 Line 32 or Form 1040A Line 17 can help a taxpayer figure the IRA deduction.

For 2008, the elective deferral (contribution) limit for employees who participate in 401(k), 403(b) and most 457 plans remains unchanged at \$15,500. This limit rises to \$16,500 in 2009. The catch-up contribution limit for those aged 50 to 70-½ remains at \$5,000 in 2008 but rises to \$5,500 in 2009.

The AGI phase-out range for taxpayers who contribute to a Roth IRA is \$159,000 to \$169,000 for joint filers and qualifying widows and widowers, compared to \$156,000 to \$166,000 in 2007. For singles and heads of household, the comparable phase-out range is \$101,000 to \$116,000, compared to \$99,000 to \$114,000 in 2007.

### **Standard Mileage Rates Adjusted for 2008**

The standard mileage rate for business use of a car, van, pick-up or panel truck is 50.5 cents per mile from Jan. 1, 2008, to June 30, 2008, up 2 cents from 2007. The rate is 58.5 cents for each mile driven during the rest of 2008.

From Jan. 1, 2008, to June 30, 2008, the standard mileage rate for the cost of operating a vehicle for medical reasons or as part of a deductible move is 19 cents per mile, down a penny from 2007. The rate is 27 cents from July 1 to Dec. 31.

The standard mileage rate for using a car to provide services to charitable organizations is set by law and remains at 14 cents a mile. As noted earlier, special rates apply to the Midwest disaster area.

## **SOME OF THE NEW TAX LAW CHANGES FOR 2008 (continued)**

### **Taxes Lowered for Many Investors**

The five-percent tax rate on qualified dividends and net capital gains is reduced to zero. In general, this reduction applies to investors whose taxable income is below:

- \$65,100, if married filing jointly or qualifying widow or widower
- \$32,550, if single or married filing separately or
- \$43,650, if head of household.

Note that taxable income is normally less than total income. The worksheet for Form 1040 Line 44, Form 1040A Line x or Schedule D and its instructions provide details.

### **Kiddie Tax Revised**

The tax on a child's investment income applies if the child has investment income greater than \$1,800 and is:

- Under 18 old
- 18 years of age and had earned income that was equal to or less than half of his or her total support in 2008 or
- Over 18 and under 24, a student and during 2008 had earned income that was equal to or less than half of his or her total support.

Previously, the tax only applied to children under age 18. Form 8615 is used to figure this tax.

## **The Benefits of Electronic Rent Collection**

In this increasingly web-based culture, online or electronic rent collection is the next logical step for landlords to implement. It is convenient and beneficial both for landlords and their tenants.

Electronic rent collection services, such as Rentpayment.com, allow tenants to pay their rent online, by phone or fax. This is not only convenient for you, but also for renters who can now pay rent remotely. Even while out of town, your tenants will be able to pay the rent from any phone or computer.

Renters can pay their rent with credit cards or through electronic check, which debits the rent directly from the tenant's checking account. Rentpayment.com also eliminates the 2 to 3 percent merchant fee expense involved in accepting credit cards, which traditionally discourages landlords from accepting anything but checks or cash. Most electronic rent collection services also include an "Autopay" option, which automatically deducts the rent from a tenant's checking account each month.

By collecting rent online, you may also utilize additional online features, such as sending tenants monthly rent reminder emails.

Electronic rent collection services are nice because you can track all payments, receive reports and do your accounting online. You can also be alerted by email or fax when payments are submitted, which allows you to keep up with your renters in real time.

Electronic rent collection can be the solution to streamlining your accounting while providing a convenient amenity your renters will appreciate.

## Questions to Ask When Buying a Property

If you are looking to invest in a new piece of real estate, having all the information about your potential seller is an important step in ensuring you get the best deal possible. The following questions will allow you to come to the negotiating table as a well informed buyer.

1. What else should I know about the property?
2. Has the seller attained a professional home inspection report? Any serious and responsible seller will have had a professional home inspection. Even so, you should always include a contingency clause in your purchase offer that gives you an out if a professional inspector you've hired finds a problem that was not previously disclosed.
3. Does the seller have a time deadline? If your seller is looking to sell in a hurry for some reason, this knowledge gives you significant leverage at the bargaining table.
4. When did the seller buy the property and what did the seller pay for the property? If the owners have had the property for years, chances are they have more negotiating room than a seller who only just acquired the property. If the seller only recently bought the home themselves for a price not far from the current market value they have less wiggle room to make a profit.
5. Why is the seller selling? Find out any way you can why they are selling; this can be the key to your negotiation. For example if the seller is in a financial bind, offering them a large down payment in cash could seal the deal.

Negotiating requires information. With the answers to these questions, you significantly enhance your position at the bargaining table.



### F.Y.I.

We received a thank you letter from the Liberty Center for our sponsor-a-day donation of \$225. They have designated July 4, 2009 as Sandusky County Area Real Estate Investment Association Day. They are also currently seeking people to help the shelter by becoming volunteers and by assisting with fundraising projects. If you would like to become involved, please contact the shelter at 419-332-8777.

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Also – Columbia gas has now changed their policy and will no longer notify landlords when tenant customers request that gas service is taken out of their name, except during April, May, and June. When a disconnection is requested, there will be no “grace period”. Because of this change, Columbia Gas is requesting property owners to protect their properties with a Property Owner Rental Agreement. The agreement will instruct Columbia Gas to automatically transfer the gas service into the property owner’s name whenever a tenant requests disconnection. This could be especially important during the winter month’s to keep heat on to prevent pipes from freezing.

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## 2009 S.C.A.R.E.I.A. Board Members

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For further information,  
you may contact  
any of the  
Board Members  
at any time

## About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

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**SANDUSKY COUNTY AREA  
REAL ESTATE  
INVESTORS ASSOCIATION  
600 W. STATE ST., BOX SCAREIA  
FREMONT, OH 43420**

