

## NEXT MEETING

**Monday**  
**Dec. 20, 2010**  
**Christmas**  
**Dinner**  
*(to be held at a  
yet to be  
determined  
venue)*

### Inside Stories

*New IRS Guidelines  
for Landlords*

*Pg. 2*

*Quote of the Month*

*Pg. 2*

*Probate Real Estate*

*Pg. 3*

*Business Owner  
Idea*

*Pg. 3*

## **Did you know that the property owner is ultimately responsible for any unpaid water bills in the city of Fremont?**

Do you know how the water department can help you make sure your tenants are staying current with their water bills?

Our meeting on Monday, November 15th will feature Troy Thatcher from the Fremont Water Department to assist us with that very question.

Troy has been a City of Fremont employee for 13 years:  
2005-present – Utilities Billing Office Manager.

1997-2005 - At Large City Councilman (Chairman of the Laws, Rules and Ordinance Committee, and the Finance Committee).

From 1996-2005, Troy was employed by Croghan Colonial Bank, resigning as the officer in charge of the consumer lending division. He also ran the collection department for four years prior to that (1999-2003).

Our meeting starts at 6:30 with some great food, and then Troy takes the floor at 7:00. Be sure to bring any questions or concerns along to the meeting, and Troy will work to get them answered.

Let's help each other get good tenants. If you have a good tenant leaving or have a tenant that is applying for a place and you can't help them, tell them you can pass their name along to our group, and if anything is available the landlord will contact them. Just contact Kathy Burkin-Humbard with the name and phone number of the prospect. She will contact them and get their permission to broadcast an email and get any information they want to share. Kathy can be contacted at [fortstephenson@sbcglobal.net](mailto:fortstephenson@sbcglobal.net) or at 419-334-9586. This is a great benefit to us as members of this organization. One lead that fills a vacancy for the cost of only your \$50/ year membership dues can mean thousands of dollars in rental income. What a bargain! If you have friends or acquaintances who are investors and you have not asked them to join our group, here is a BIG benefit that is worth the \$50 all by itself.

## **NEW IRS GUIDELINES FOR LANDLORDS**

Under the **Small Business Jobs Act**, landlords will need to issue a 1099-MISC to report payments totaling \$600 or more during the course of the year for any expenses relating to their rental properties. This expanded 1099 requirement will take effect beginning with the year 2011. Congress previously expanded the requirement to issue 1099 forms as part of the health care reform package, in particular requiring 1099s to be sent to corporate recipients beginning in the year 2012. The IRS will have the authority to exempt certain landlords from filing 1099s if their rental income is not more than a minimal amount or who can demonstrate that filing the 1099s would cause hardship. These exceptions are to be developed by the IRS.

The penalties for not filing a 1099 will be increased under the Small Business Jobs Act. The following penalties for not filing a required 1099 document will be in effect for the year 2011:

- \$30 penalty for filing a 1099 not more than 30 days late (was \$15);
- \$60 penalty for filing a 1099 more than 30 days late and before August 1 (was \$30);
- \$100 penalty for filing a 1099 on or after August 1 (was \$50);
- \$250 penalty for intentional failure to file (was \$100).

These penalties apply per 1099 that is required to be issued. The maximum penalties that can be imposed per year have also increased.

The Small Business Jobs Act also makes changes relating to retirement plans, and implements a number of tax cuts targeted towards small businesses.

As a clarification: Rental property owners will need to issue 1099s for the year 2011 (which will be filed in early 2012). Then in the year 2012, the 1099 reporting requirement is expanded to cover both corporate and non-corporate vendors (which will be filed in early 2013). So there are two separate expansions of the 1099 reporting going on here. There's no reason why Congress should repeal this law when they just passed it. It's clearly something they are interested in. One could argue Congress didn't fully understand the impact when they revised the 1099 requirements the first time, but to expand this requirement twice in the same year despite getting feedback from the community, well that's a pretty clear signal that Congress is pretty intent on making sure these 1099s get sent out.

In anticipation of these forthcoming requirements, business owners and their accountants should be encouraged to review their bookkeeping systems so that they are collecting all the necessary information. In particular, ensure that your accounting system is keeping track of payments issued to specific vendors, contractors, and other businesses. At minimum the information to keep track of would include total payments made throughout the year, the name, address, and taxpayer identification number of the vendor. You may also want to ensure that your accounting system can separate payments made by credit or debit card from payments made by cash or check.

If necessary, you should request that your vendors and contractors submit a Form W-9 which will provide you with the legal name, address and taxpayer identification number for the vendor.

### **QUOTE OF THE MONTH**

"Perseverance is not a long race; it is many short races one after another!"

## Probate Real Estate

Did you know there's a special, little-known type of real estate that involves a very HIGH percentage of motivated sellers with almost ZERO competition! This means you can quickly make HUGE profits on bargain-priced houses because it's in the sellers BEST INTEREST to get rid of these houses as fast as possible!

It boils down to this: It's very common for the people working the probate case to want to get rid of any real estate assets QUICKLY. These people have their hands full with tons of details, and usually want to turn the real estate assets (houses) into cash as soon as possible. (Because of their motivation, you can make some huge profits on these probate deals!)

However, to make money on probate deals, you have to know what you're doing - or have a proven system - in order to find the best deals within the probate process. Once you start getting paid on probate deals, this will probably be the ONLY niche of real estate you focus on. The sellers are EXTREMELY motivated... you can get some GREAT deals... and there's almost NO competition. And, because you acquire such great deals... you can wholesale them if you want for some quick profits.

As long as there's still an obituary section in your newspaper, there will be fresh probate deals in your area.

### Business Owner Idea

To create the time you need to build your business, you first must identify what you do that creates the most and least value. Most business owners never take the time to do this.

Identify the 3-5 things you do that create the most value for your businesses, and the 3-5 low value activities that eat up much of your day.

Once you know this, it becomes much easier to eliminate 3-4+ hours a week of this low value time and upgrade it with 3-4 hours of higher value activities for your business. When you do this week in and week out, you'll be amazed at the impact on your business.



We have elections in November for board members. PLEASE consider throwing your hat in the ring. Most of the current board has been on since our beginning in 2005. We really need to get some new ideas and help. This organization has a lot to offer you as an investor that you can't possibly get anywhere else. We challenge anyone that has attended even one meeting to tell us they have not learned something that has helped make them more profitable, saved them time, kept them legal, or made them aware of things to keep them out of trouble. Being on the board means making an extra investment of maybe a couple extra hours a month to keep this valuable information coming to you.

For those of you who were unable to attend our October meeting, you missed a great opportunity to share in the other members' wealth of knowledge and advice. These actually tend to be our most productive meetings since we all take time to HELP each other with problems we are having and to share our experiences.

## 2010 S.C.A.R.E.I.A. Board Members

President: Harry Aspacher  
419-334-8846

V. President: Mark Damschroder  
419-334-4096

Secretary: Radelle Karg  
419-333-1000

Treasurer: Mary Methner  
419-637-7631

Website: Allan Shaw  
419-265-8274

Membership: Chuck Williams  
419-547-8127

Social Director & OPHP Cert:  
Kathy Burkin  
419-334-9586

Newsletter: Mary Methner

Programs: Cindy Crispen &  
Harry Aspacher

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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