



Apartment Association of Southeastern Wisconsin

Advocating for Sustainable Rental Housing

E-mail: membership@AASEW.org

Website: www.aasew.org

2022 Tax Updates and Strategies

We welcome new supporting business member Vrakas CPA's and first time presenter William Bares. He will provide tax updates on the Build Better Back Act and changes in the tax code. Hear strategies for individuals and real estate investors with regard to taxation.

Jason Kempen from Focus on Energy will also be joining us for quick tips on weatherization resources. Make sure to network with him after the presentation!

When: February 21, 2022

5:30 PM - Registration and Check-in

6:00 PM - Presentation and Q&A

Location: Sonesta Milwaukee West, 10499 W. Innovation Dr., Wauwatosa, WI 53226

Cost: AASEW Members - Free
Non-Members - \$25

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*Social hour to follow

**Appetizers and Cash Bar will be available

Location: Sonesta Milwaukee West, 10499 W. Innovation Dr., Wauwatosa, WI 53226

Cost: AASEW Members - Free
Non-Members - \$25



William A. Bares, CPA
Speaker

Event Sponsor:



William Bares, CPA works in the tax department of Vrakas and has over 10 years of accounting experience. Specializing in construction and real estate tax for small, mid-size, and large businesses.

As a tax principal, his responsibilities include; tax consulting, compliance, and planning. Along with, reviewing complex corporate, partnership and individual tax returns for privately-held businesses and their shareholders.

For event questions, email admin@aasew.org or call 262 893 8691

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"The Apartment Association of Southeastern Wisconsin is your primary resource for education, mutual support and legislative advocacy for the successful ownership and management of rental property."

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Owning a home is no longer the American dream - beating out millions of other renters for an affordable lease is

By Avery Hartmans, www.businessinsider.com

Not only is buying a home out of reach for many Americans, but renting one might soon be, too.

Finding an affordable place to live in 2022 is a daunting task: Rentals are few and far between, demand is surging, and prices are sky-high. To make matters worse, prospective homebuyers unable to score a home and those moving out of pandemic-era living situations are flooding the rental market, snapping up reasonably priced apartments.

All told, it's creating a nightmare situation for renters that's impacting everything from affordable housing to higher-end rentals.

It's an issue with no single cause, but one reason might be that there are simply more people in search of a place to rent. There were 44 million renter households in the US by the third quarter of 2020, according to a new report from the Joint Center for Housing Studies at Harvard University.

In turn, that surge in renters led to a sharp drop in the rental vacancy rate: At 5.8%, that rate is now the lowest it's been since the 1980s, the report shows.

But rent prices - which initially dipped in the early months of the pandemic - have been climbing throughout the past year. Zumper data from September showed that the median price for a one-bedroom apartment had risen 10.7% nationwide since March 2020.

Realtor.com data from December showed an even starker picture: Rents jumped 19.3% year-over-year in the nation's 50 biggest markets.

"People who are experiencing the downside of this strong market are essentially renters across the board. We're seeing rent increases that are really just striking," Chris Herbert, managing director at the Joint Center, said Friday in a presentation of the report.

Continued on page 3

Continued from page 2

Those in search of “higher-quality” apartments are likely having a tough time finding something - vacancy rates are low, and rents for professionally managed units spiked 13.8% in the third quarter of 2021.

But the situation is disproportionately affecting low-income renters and people of color. Over 60% of renters are considered low-income, and that category of renters is more likely to have endured income losses during the pandemic. Half of Black renters, 34% of Hispanic renters, and 28% of Asian renters make less than \$30,000 a year.

At the same time, rent is rising and there are fewer units available - the report estimates that there's currently a shortage of 1.5 million units for lower-income renters.

A striking example of that shortfall is the recently opened building in Brownsville, Brooklyn, that offers affordable - and supportive-housing. The building, home to 37 apartments ranging from studios to three-bedroom units, received 47,000 applications.

The reasons behind the rental crisis are complex, as Insider's Taylor Borden reported.

Migration has played a role. Renters who fled cities during the pandemic and moved to new, cheaper locales like Phoenix are driving up rents, and those returning to major cities are fighting over rentals.

Plus, multiple generations are competing for available units. First-time renters like Gen Z, or those who lived with their parents or other family members during the pandemic, have been steadily moving out. Baby boomers are selling off their homes in the lucrative market and renting instead. And millennials, the largest generation, are just simply more likely to be renters right now by nature of them being mostly in their 20s and 30s, according to the Harvard report.

In addition to those factors, homebuyers who have been shut out of the real estate market over the last year turned their attention back to renting since people “still have to live somewhere,” Logan Mohtashami, HousingWire's lead analyst, told Insider last year.

The frenzied competition that became commonplace in the housing market had already spread to the rental market by this past summer, Corcoran Group COO Gary Malin told Bloomberg at the time.

“You're seeing people sometimes getting in bidding wars, you're seeing people have rents changed on them right away, you're seeing apartments rented before they even show up at the appointment,” he said.

And just in case some renters are reconsidering buying now that 2021 has come to a close, it still may not pan out: While prices could grow more moderately this year, mortgage rates are expected to keep rising throughout the year.

15,000 Milwaukee residents have received rental aid. But thousands more wait for help.

By PrincessSafiya Byers, www.milwaukeeens.org

The two agencies charged with disbursing emergency rental assistance funding to Milwaukee County residents are struggling to keep up the demand.

According to U.S. Department of Treasury data, both Community Advocates, which distribute funds to Milwaukee residents, and the Social Development Commission, which serves Milwaukee County, have disbursed about \$45 million apiece, according to numbers provided by organizations.

The emergency funding comes from the Wisconsin Rental Assistance Program, the Milwaukee Rental Assistance Program and from the federal Emergency Rental Assistance Program.

Since 2020, Community Advocates has served over 10,000 households and the Social Development Commission has helped 5,000, officials from both organizations said.

The Social Development Commission, in particular, has struggled with processing applications efficiently and has dealt with the staff turnover. Executive Director George Hinton said his organization now has a new system, a consistent staff and in-person help smooth out the process.

Both organizations face challenges because of the demand for assistance. Deb Heffner, the housing strategy director at Community Advocates, said there is always at least 4,000 applications in queue.

Continued on page 4

Continued from page 3

And the Social Development Commission, or SDC, receives a minimum of 400 new applications a week, Hinton said.

“People’s reasons for needing aid have not changed,” Hinton said. “Many people aren’t working, and just when things were going back to normal, it feels like we’re in 2020 all over again.”

“Some people are working and still can’t maintain bills,” added LaSonda Buck, the rent assistance supervisor at SDC.

‘Extreme need’ not new

Hinton said the Social Development Commission and Community Advocates stay in constant communication to ensure residents get served.

In addition, Heffner said collaborative spaces like the Rental Housing Resource Center, which streamlines housing services and service providers, also have helped.

“This has offered a lot of opportunities to work on system changes,” she said.

“That’s what we are working on and hope to work more on once we get through the queue.”

City and county leaders have also launched efforts to help residents avoid evictions. In November 2020, the Milwaukee County Board of Supervisors declared that each resident has a “right to shelter” but did not fully fund the mandate to curb homelessness.

Another program, Milwaukee’s Right to Counsel pilot program, also known as Eviction Free MKE, has been working to slow the pace of evictions since September. It provides no-cost legal representation for residents facing eviction or foreclosure.

“This extreme need was not news to those of us who have been in the housing insecurity space for decades,” said Mike Bare, the research and program coordinator for Community Advocates. “The pandemic just shined a light on issues we’ve been discussing.”

“Wages are too low, and housing is too high,” he said.

Bare said most people don’t realize their struggles are directly related to policy or lack thereof.

Continued on page 5

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Continued from page 4

“These are not just unfortunate things that are happening to people,” said Bare. “These struggles are the results of choices that we are choosing to live with.”

Hinton said we need to “change the systems that are creating and maintaining poverty.”

Solutions for the Retiring Real Estate Investor



*By Brandon Bruckman
AASEW Board Member*

How to sell and defer tax

Most of our clients approach us with the same needs and desires:

- They hold most of their wealth in real estate
- They want to retire from actively managing their real estate investments
- Managing real estate is time consuming and a hassle with new regulation
- and challenging tenants
- They want to sell, but the tax bill is too high

Some of our prospective clients have already decided to never sell, wait until they pass and have their heirs utilize the step up in basis to minimize the tax. Other prospective clients have decided to simply pay the tax and sell.

There is another solution that allows investors to sell, defer tax and reinvest in passive assets. Delaware Statutory Trust or DST for short, is a vehicle that can accomplish this when used with a 1031 exchange.

What is a DST, what does a DST invest in, what are the advantages, what are the disadvantages and what should you do next?

What is a Delaware Statutory Trust (DST)?

A Delaware Statutory Trust is a trust that typically holds real estate and is offered as replacement property for a 1031 exchange transaction.

Continued on page 6

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**“Love is the master key that
opens the gates of
happiness”**

- Oliver Wendell Holmes

Continued from page 5

The structure allows for fractional ownership. Investors can diversify real estate holdings with multiple DSTs or one DST with multiple assets within it. Most programs have a minimum of \$100,000.

The investor in a DST is a beneficial owner of the trust, not a limited partner. Each owner receives their share of cash flow, tax benefits and appreciation. Basically, the DST investor has the same benefits and risks as a large-scale investment property owner.

What Does a DST Invest in?

DSTs hold all sorts of real estate assets such as multifamily, industrial, self-storage, senior housing, office buildings, retail properties, student housing, medical office and others. These assets are typically large and of institutional quality. DSTs are professionally managed by the program sponsor or an appointed property manager.

How are DSTs Different from Investing Directly as the Property Owner?

There are two distinct differences:

1. Management and all decisions on the disposition of the property are the responsibility of the sponsor.
2. All loans are non-recourse to the investor.

DSTs are financial securities and require the presence of a financial professional such as a Registered Investment Adviser or Financial Adviser to execute the transaction.

Who are DSTs for?

Investors must be accredited to invest in a DST. An accredited investor is:

- Anyone with earned income of \$200,000 (\$300,000 together was a spouse) in each of the prior two years and reasonably expects the same for the current year, or
- Anyone who has a net worth over \$1 million, excluding the value of the person's primary residence.

DSTs can be a good fit for investors looking to protect wealth, defer large tax bills associated with real estate, and receive a step-up in cost basis for family members once the investor has passed away.

DSTs can be defined as a passive asset. It provides mailbox money. DST is a great fit for investors that seek to prioritize lifestyle over economics.

Continued on page 7



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What are the negatives about DST?

Two items are often identified as negatives with DSTs. They can be expensive and, as an investor, you have no decision-making control.

Both concerns are valid. DST upfront cost can sometimes reach 15% and, as previously mentioned, you do lose control of the investment management and disposition decision associated with the property.

On cost, most upfront expenses, about 6% typically, can be credited back to investors if they work with a Registered Investment Adviser instead of a Financial Advisor. We can't help you on the control issue. If this is too big of an obstacle, investors should look elsewhere.

Two other negatives to consider:

1. DSTs lack liquidity. You are in the investment for 3-10 years depending on the business plan of the sponsor.
2. The inability to refinance debt used inside of the DST. This forces the sponsor to sell by the end of the financing period. The exit strategy on financed properties is critical.

What are the advantages of DST and what steps should investors take before investing?

Some of the advantages of DST are the following:

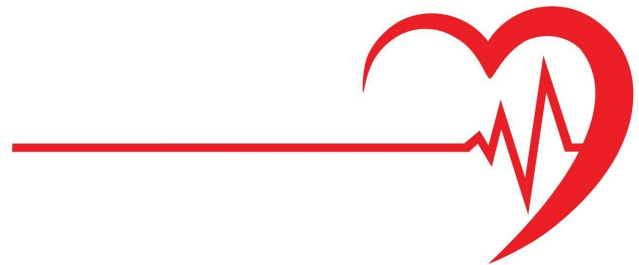
- Passive Income (mailbox money)
- No management of the property
- Ability to diversify your investment with multiple institutional quality assets and different geographic locations
- Ability to defer tax in a 1031 exchange
- Non-recourse debt



DST Could be a Good Option for me. What Should I Do Now?

Before investing, potential DST investors should consider the following:

- Assemble a team: CPA, attorney, qualified intermediary, and investment adviser to assist in DST purchase and 1031 exchange transaction.
- Work with your investment adviser to understand your investment requirements.
- Consider more than just cash-on-cash returns. Returns are important, but so is risk. Evaluate the deal like any other real estate transaction.
- Speak with DST sponsors. Ask questions about investment strategy, experience and exit plan.
- Read the private placement memorandum (PPM). This is a painful activity. Your investment adviser should help you with what to focus on in each PPM.





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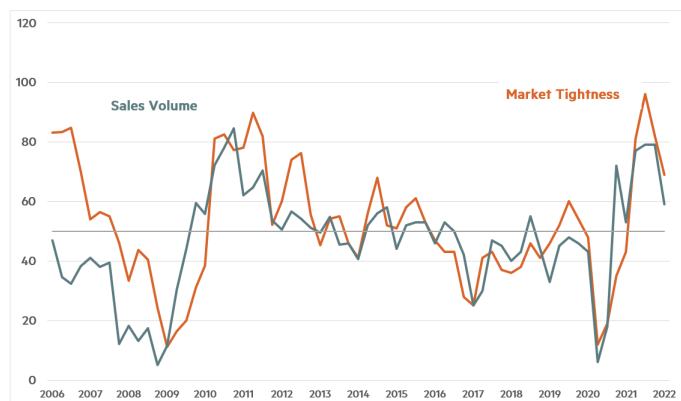
Apartment Market Conditions Improve: NMHC

By Jeffrey Steele, www.multihousingnews.com

Demand is rising, despite concerns about rent control, according to the organization's new survey.

Apartment rental markets nationwide continue to reflect ongoing improvement and substantial demand. But investment is threatened by rent control measures. These are among the key findings of the **National Multifamily Housing Council's (NMHC) Quarterly Survey of Apartment Conditions** for January 2022.

For the fourth quarter in row, the survey showed Market Tightness (69), Sales Volume (59) and Equity Financing (67) indexes each finished above the breakeven level of 50. By contrast, for the second straight quarter, the Debt Financing (36) index revealed weaker conditions.



Sales Volume vs. Market Tightness. Data and chart courtesy of NMHC

Widely available

Higher interest rates have resulted in higher borrowing costs, the NMHC reported in a prepared statement. Despite that, equity financing continues to be broadly available. That has resulted in a continuance of apartment sales market transactions.

Among the survey's highlights:

The **Market Tightness Index** declined from 82 to 69, revealing tighter market conditions.

Almost half (49 percent) of respondents characterized market conditions as tighter than three months earlier, while 12 percent reported looser conditions and a sizable 40 percent found conditions unchanged from the previous quarter.

The **Sales Volume Index** fell from 79 to 59, but widespread disagreement was registered among respondents. While 40 percent reported higher sales volume than the earlier quarter, almost one-fourth (23 percent) cited lower sales volume. Another 35 percent of respondents felt volume was the same as it had been three months earlier.

The **Equity Financing Index** inched higher, creeping from 65 to 67. While just more than one-third (35 percent) of respondents deemed equity financing more available than the previous quarter, fully 58 percent were convinced it remained unchanged. Only 1 percent of respondents reported equity financing being less available.

The **Debt Financing Index** contracted further from the breakeven mark, falling from 48 to 36 and staying under breakeven for the second straight quarter. Just 8 percent of respondents felt debt financing conditions were improved. More than one-third (36 percent) believed it was worse. And 48 percent registered their conviction that debt market conditions had not changed vis-a-vis the previous quarter.

The survey authors warned that rent control measures have begun to appear in a number of jurisdictions,

Respondents were asked whether those measures had led them to re-evaluate their plans for investment or development in those locations. About one-third (32 percent) said they didn't operate within those jurisdictions.

Approximately a quarter (26 percent) have not reduced investment in those markets. An additional 15 percent of respondents have not yet made those investment cuts, but are now thinking about doing so.

Finally, 23 percent do not anticipate making any changes to their investments in those markets. An additional 4 percent do not now operate in those markets, and would not be dissuaded from considering doing so by the threat of rent control.

Milwaukee City Hall launches electrical fire safety campaign after Journal Sentinel's reporting

By Mallory Cheng, Kobe Brown, www.wuwm.com

Last August the Milwaukee Journal Sentinel reported that in 53206 area code, suspected electrical fires happen at five times the rate than in the rest of the city. Since their initial report, officials from Gov. Tony Evers to acting Mayor Cavalier Johnson have reacted.

Earlier this month, the city of Milwaukee announced the launch of educational campaigns to help renters keep themselves safe from electrical fires. Raquel Rutledge who is an investigative reporter and deputy investigations editor at the Milwaukee Journal Sentinel shares the impact of their reporting and what actions are coming out of City Hall.

Rutledge reports that acting Mayor Cavalier Johnson and the Department of Neighborhood Services launched an

educational campaign to inform renters on the signs of bad electrical wiring.

Starting in the area of 53206, a master electrician will be available to help walk tenants through their homes and help identify electrical fire warning signs. The effort would then be distributed citywide.

However, Rutledge points out that according to some council members, this new campaign feels like "fluff." While the city is taking preventive measures through educating renters and passing out safety checklist, Rutledge says the problem lies on the landlords who more than likely have a long history of neglect.

It's common for renters to be afraid of complaining, says Rutledge, out of fear of being evicted. "We expose how there can be years and years of violations piling up on some of the landlords. Yet, they are continued to allow the renting of these unsafe places. This first educational campaign is the first step," says Rutledge.

Continued on page 10





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Continued from page 9

She adds that there is a talk underway to have legislation passed in which landlords would be required to have insurance on their property. She says these homes aren't investigated most of the time until there is a homicide or some suspicion of arson. If landlords are forced to get insurance for their properties, insurance companies would be more likely to investigate the issue, thus pressuring landlords to keep their property up to date.

"I think there are some other provisions in the works. As well as talk about resurrecting the inspection program, where you have the City Department of Human Services going out and doing a proactive inspection of electrical systems in ... areas where there's evidence that there are many violations," says Rutledge.

As it stands now, there are no fines for violations, Rutledge notes. The fines come in when the Department of Neighborhood Services comes out to do an inspection. While the first one is free, if needed, a re-inspection can cost \$175 or more.

"There is a talk about whether they could have fines upfront for these violations to encourage landlords to keep their properties up to code. But that's just being discussed. I haven't seen any draft legislation on that," says Rutledge.



Who CARES? - Status on the Coronavirus Aid, Relief, and Economic Security (CARES) Act

By Atty. Gary Koch of Petrie + Pettit S.C.

The Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020, bringing many new wrinkles to the residential real estate rental practice.

While several of its provisions have expired, specifically those regarding eviction moratoria, one particular provision lingers without an apparent sunset. Section 4024(c)(1) of the CARES Act requires that "[t]he lessor of a covered dwelling unit may not require the tenant to vacate the covered dwelling unit before the date that is 30 days after the date on which the lessor provides the tenant with a notice to vacate."

A recent interim rule promulgated by HUD, effective as of November 8, 2021, reiterates the 30-day notice requirement, and adds additional language necessary for notices terminating tenancy for many covered entities.

This raises two obvious questions: is my rental unit a covered dwelling unit; and what happens if I don't comply with the CARES Act – eviction is a state court remedy, after all.

Whether or not a property is a covered dwelling unit is an easy question to answer since the CARES Act (and the subsequent interim rule) defines "covered dwelling unit".

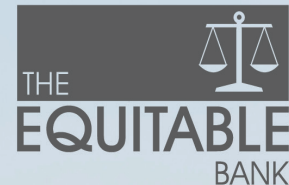
While the definition is cumbersome, it essentially boils down to whether there's government funding or backing of the unit.

The penalties for non-compliance with the CARES Act are less easily defined. There's no penalty provision in the Act itself.

First, though, any eviction filed without providing the necessary time frame would likely be dismissed, as the notice terminating tenancy would be found to be invalid. Additionally, the Bureau of Consumer Financial Protection (CFPB) is tasked with enforcing the CARES Act with respect to evictions.

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AASEW OWNER Article Guidelines

Would you like to submit an article for publication in the AASEW newsletter?

Here are the current submission guidelines:

Deadline for all submissions is the first of each month.

The newsletter will be delivered electronically to the membership around the 10th of the month.

Limited print copies of the newsletter will be available at the General Membership Meeting following its publication.

We are happy to accept one article per author per newsletter.

Please keep the article to approximately 500 words in length.

Any edits made to an article (generally for length) will be approved by the contributor before it is published.

All articles must be properly attributed.

The Editorial Staff reserves the right to select articles that serve the membership, are timely, and are appropriate.

“Where there is love, there is life”

- Mahatma Gandhi

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ZND Committee Meeting on Insurance Ordinances and Building Codes



*By Atty Heiner
Giese, AASEW
Legal Counsel
and Lobbyist*

Two important items were put up in front of the ZND committee on February 1, 2022.

The first was a proposed ordinance by Alderman Rainey to require all rental property owners to carry property and liability insurance.

This was very loosely drafted and right away Alderman Bauman raised concerns about how it could be enforced and the big administrative task for the Department of Neighborhood Services (DNS) in administering it.

Alderman Rainey conceded that the ordinance could be better drafted and then it was quickly tabled. We'll be alert for future versions.

The second matter was a resolution directing DNS to identify all building code violations issued by DNS during 2019 and 2021 and to sort these by aldermanic district, ZIP Code and census tract. This drew criticism right away from DNS that ALL code violations were way too broad a project.

The background for the resolution was the Journal Sentinel electrical fire series so it was then agreed that DNS would only compile all electrical code violations for that time period. This is supposed to be completed by February 28, 2022. This report will be quite interesting because

I suspect it will show relatively few electrical violations and contradict the JS campaign alleging that landlords are allowing electrical fires to "ravage" the 53206 Zip code.

Continued on page 16

Continued from page 15

Here are the comments I submitted to the committee:

1. The Journal Sentinel story assumed that simply because an owner did not carry a mortgage they were also unlikely to carry insurance. Where is the proof that this is a common practice?
2. The proposed ordinance would impose a vast and unnecessary burden on all rental property owners. It would require annual filing of "proof of insurance" forms with DNS.
3. The proposed ordinance would require DNS to devote considerable staff time in needlessly monitoring and enforcing insurance requirements for the thousands of responsible landlords who carry insurance on their properties.
4. Why do owners not have insurance? It is not that they want to absorb the costs of fires and legal defenses. Instead, it is either prohibitively high costs, or unavailability of normal lines insurance.
5. Insurance redlining exists in lower valued neighborhoods. A landlord pays half as much for a Bayview property that is assessed at three times as much as a near southside property a mile away. The City should create an insurance pool for properties where insurance is not available at reasonable rates.
6. The ordinance would be illegal under State statute sec. 66.0104(2)(d) because it does not apply to ALL residential real property owners:
 2. *No city, village, town, or county may enact an ordinance that requires a landlord to communicate to the city, village, town, or county any information concerning the landlord or a tenant, unless any of the following applies:*
 - a. *The information is required under federal or state law.*
 - b. *The information is required of all residential real property owners.*
7. Instead of this ordinance, a positive step would be for the City to use ARPA funds to offer electrical upgrades to ALL properties with insufficient wiring. This should operate like the lead water line replacement program – say providing \$4,000 for service upgrades with the landlord paying 50% of that cost.

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Continued from page 11

In July, 2021, the CFPB issued an Enforcement Compliance Bulletin and Policy Guidance, stating "Bureau staff will be monitoring and investigating eviction practices to ensure that they are complying with the law.

Evicting tenants in violation of the CDC Order, State, or local moratoria, or evicting or threatening to evict them without apprising them of their legal rights under such moratoria, may violate prohibitions against deceptive and unfair practices under the Fair Debt Collection Practices Act and the Federal Trade Commission Act."

So, at a minimum, a faulty notice could be grounds for a dismissal of the eviction, and, at worst, investigation and sanction by the CFBP.

Attorney Gary D. Koch assists primarily with the Real Estate Law practice group, focusing on landlord-tenant law. He has represented landlords for over 10 years, spending his career handling debtor and creditor matters, and is well versed on all facets of landlord/tenant law.

The Important Laws and Regulations All Landlords Must Remember

By Remen Okoruwa, www.biggerpockets.com



Whether or not you're a small - or - big-time landlord, the reality is that there are some things you must know to be successful at your craft. For example, one important factor to consider is that all landlords must be fully aware of laws and regulations that apply to rental properties and tenants.

That's because, when it comes to renting a property, things can get confusing. There are a number of federal laws that help to protect tenants' rights, and it can sometimes seem that tenants have more rights than landlords. Plus, it's up to landlords to ensure that they always act according to federal regulations - which means that you have to know what to do, and what not to do, to avoid any issues with the tenant.

And, it's also smart to remember that rules can change from state to state. Let's suppose you want to increase rent, evict a tenant, or advertise a vacant rental unit. In that case, it's always a good idea to check what the latest relevant landlord-tenant laws say. After all, failing to follow state and federal landlord laws and regulations could result in a costly lawsuit if a tenant is given a legal reason to sue.

Not sure which landlord and tenant laws and regulations are crucial to know? This article provides a brief overview of some of the important laws and regulations that rental property owners and landlords must remember. Here's what you should know.

Landlord-tenant laws regarding discrimination

Landlord-tenant laws prohibit a landlord from denying housing to someone based on any discriminatory factors. That's because the Fair Housing Act applies to every state across the country., and it keeps landlords from discriminating against tenants due to national origin, race, color, religion, sex, familial status, or disability.

For example, you can't ask prospective tenants any specific questions about their personal lives. It's also against the law to set restrictive standards for members of certain groups of people.

Continued on page 18

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Continued from page 17

And, if a current renter's circumstances change, you can't terminate the rental agreement for discriminatory reasons, either. Ignoring the Fair Housing Act is one of the ways a tenant can get their landlord in trouble.

Credit reporting under the Fair Credit Reporting Act

Under the Fair Credit Reporting Act, a landlord must get an applicant's permission to run a credit report. Typically, the rental application should obtain consent from the tenant to run a background screening check. You must then provide the prospective tenant with information about the credit reporting agency.

Now let's suppose you decided to deny the application based on the information contained in the credit report. In that case, you must inform the tenant of this - and you must explain what factors were included in your decision to reject their application.

Laws about drafting a rental agreement

The tenancy agreement is a legal document between you and your tenant. The rental agreement should state the lease term, rent amount, late fees, and security deposit amount. It should also include any clauses regarding pets, maintenance, and property inspections.

It's also smart to remember that the rental agreement can't contain clauses that contradict state or federal laws. For example, some states have rent control measures or will limit charges for late fees and security deposits. So, you need to know what exactly your state allows before drafting a rental agreement to ensure you're aligned with the legal parameters in your state.

Now, can a landlord break a lease legally? Yes, but only if the tenant is guilty of a lease violation. But even in those cases, you have to go through the eviction courts to legally get the tenant out of the rental property.

What about a "tenancy at will"? It doesn't matter whether or not there is a signed lease - or whether the tenant lives there on a month-to-month basis. Either way, you are still required to follow the law governing verbal rental agreements. Even a squatter has rights, and you can't carry out a self-help eviction to remove them from your property.

Laws regarding a tenant's privacy rights and quiet enjoyment

The tenant's legal right to quiet enjoyment also protects their privacy. In essence, this landlord-tenant law lets

the renter live in the property as if it was their own.

So how does "quiet enjoyment" affect your responsibilities?

For starters, you can't enter the property at will. You must typically give proper notice to carry out a property inspection or enter the property for other reasons.

However, the warranty of quiet enjoyment also means that your tenant can't unnecessarily disturb the peace of the neighbors. A tenant cannot refuse to allow you to enter the property after you give them the appropriate notification, either.

Rental inspection property laws: Your tenant has rights

While you are the property owner and are the one who has invested tens or hundreds of thousands into the rental unit, you must still adhere to the laws on property inspections. However, no rules define "how often is too often" when it comes to property inspections.

That said, there are a few guidelines for determining how to avoid violating rental inspection laws. For starters, you should never make impromptu visits to the property. Even a friendly stopover - something like, "I was just passing by and wanted to see how you are" - could be taken the wrong way. And, when you ask to do an inspection of the home, you should always ensure that you specify a reasonable time frame in a written inspection notice.

You should also ensure that the rental agreement stipulates how you plan to deal with property inspections. An annual or bi-annual property inspection is typically reasonable for most properties.

Laws that regulate security deposits

State laws typically regulate security deposits. As such, there may be limits on how much you can collect for a security deposit on your rental property, as well as how to hold the deposit and when you should return it.

For example, many states stipulate that a landlord holds the deposit in a separate, interest-bearing account. As such, the deposit must be returned in full, along with interest, at the end of the lease - provided that there are no rent debt or lease violations to contend with, of course.

Rental property laws regarding safety, repairs, and maintenance

By law, landlords must provide habitable housing to all tenants - even if the tenant is guilty of lease violations.

Continued on page 19

Continued from page 18

As such, it's vital to ensure that your tenants always have access to hot and cold water, trash removal, heating and cooling, and all necessary utilities. You are also responsible for keeping the unit free from pests and vermin.

Remember, though, that tenants also have responsibilities to care for the rental property. This means that you can dictate how clean a tenant must keep the unit. They can't allow garbage to build up or willfully damage the property, either. They must also promptly inform if there are any maintenance issues that need to be dealt with.

Laws regarding evictions

Landlords can terminate the lease early if a tenant violates the rental agreement in certain ways. However, you must follow eviction laws to legally remove a tenant from the unit.

Let's suppose a tenant doesn't pay their rent, causes damage to the property, or seriously violates a lease clause. In that case, you must serve the appropriate notice to the tenant. Typical notices are "pay or quit," "cure or quit," or unconditional quit notice. For a legal eviction process to be successful, it is vital to both follow the law and record all correspondence you have with the tenant.

It is also extremely important to understand that a self-help eviction is illegal. You can't change the locks, remove the tenant's personal belongings, or shut off utilities to force them out - even if they're violating the lease agreement.

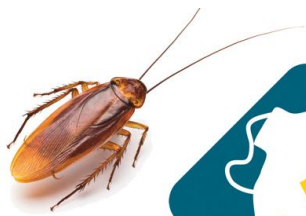
You must also have a court order in hand before forcibly removing a tenant.

Final thoughts on landlord and tenant laws

As a responsible landlord, you should be aware of any changes that are made to the landlord-tenant laws - along with how to handle them. And, getting legal advice prior to leasing out your unit or making other decisions related to your landlord-tenant agreement is smart if you want to avoid potential problems with tenants.

Landlord-tenant laws are in place to ensure the safety of tenants and protect your investment - and they can be extremely helpful to protect your property if followed correctly.

If ignored, though, these laws can land you in hot water - so be sure to know what you're legally allowed to do before taking the plunge into landlording.



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Upcoming Events

Landlord Lunch and Learn Series

When: February 16, 2022
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Time: 12:00 PM - 1:00 PM

Save the Date!

AASEW March Social - Madness is Brewing!


When: March 17, 2022
Location: Silver Spur Texas Smokehouse BBQ
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Time: 11:30 AM - 2:00 PM

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Table of Contents:

Page 2 -- President's Corner

Page 3 -- 15,000 Milwaukee residents have received rental aid. But thousands more wait for help.

Page 5 -- Solutions for the Retiring Real Estate Investor

Page 8 -- Apartment Market Conditions Improve: NMHC

Page 9 -- Milwaukee City Hall launches electrical fire safety campaign after Journal Sentinel's reporting

Page 11 -- Who CARES? - Status on the Coronavirus Aid, Relief, and Economic Security (CARES) Act

Pages 12-14 -- AASEW Business Member Directory

Page 15 -- ZND Committee Meeting on Insurance Ordinances and Building Codes

Page 17 -- The Important Laws and Regulations All Landlords Must Remember