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New data shows that check fraud is rising dramatically. According to the American Bankers Association, bank fraud losses rose 65% from \$789m in 2016 to \$1,300m in 2018. Check fraud has surpassed loan or debt fraud as the number one source of bank fraud losses. Driving the increase is theft of checks sent via the Post Office. In 2022, the Treasury Department saw 680,000 check-fraud reports. This is a 94% annual increase over 2021. It's sparked a special government alert from the law enforcement division of the post office.



The physical theft of checks is the most common method of check fraud. Thieves take checks from personal mailboxes, post office provided receptacles, post offices, and mail drop off locations. Next, they fraudulently endorse the check or alter the recipient's name and or the amount of the check. Next, they deposit the altered check in another bank. Our business owner clients regularly report being victims of this fraud method.

## So Who's Responsible?

Having mistakenly accepted a fraudulently altered check, the accepting bank must generally make restitution to the account from which funds were drawn. However, beware. Exceptions apply. Banks can decline to cover the fraud if the account holder is slow to report it or if they have evidence the account holder was part of the fraud.

Account holders may be accountable for delays in reporting check fraud. And confusingly, how long the delay must be before the account holder is responsible is unclear. I recently reviewed an account theft from Pentagon Properties and its iconic leader, Spencer Roane. Thieves hacked into a seldomly used bank account, issued themselves a debit card, and made \$20k of transfers to themselves before the transfers were noticed. While investigating the theft, Mr. Roane reviewed his multiple company bank account agreements. The agreements are at best confusing, at worst self-contradictory. The account

agreements list multiple different time periods during which account holders must report a theft. In Pentagon Properties' case, since the loss, they've been transferred to multiple different departments within their own bank to no avail. Recently, they were referred by their bank to the Consumer Financial Protection Bureau. To date, they're bank has declined to reimburse their account for the stolen funds.

## Best Business Practices to Avoid Check Theft

To limit your company's risk of check theft, consider the following:

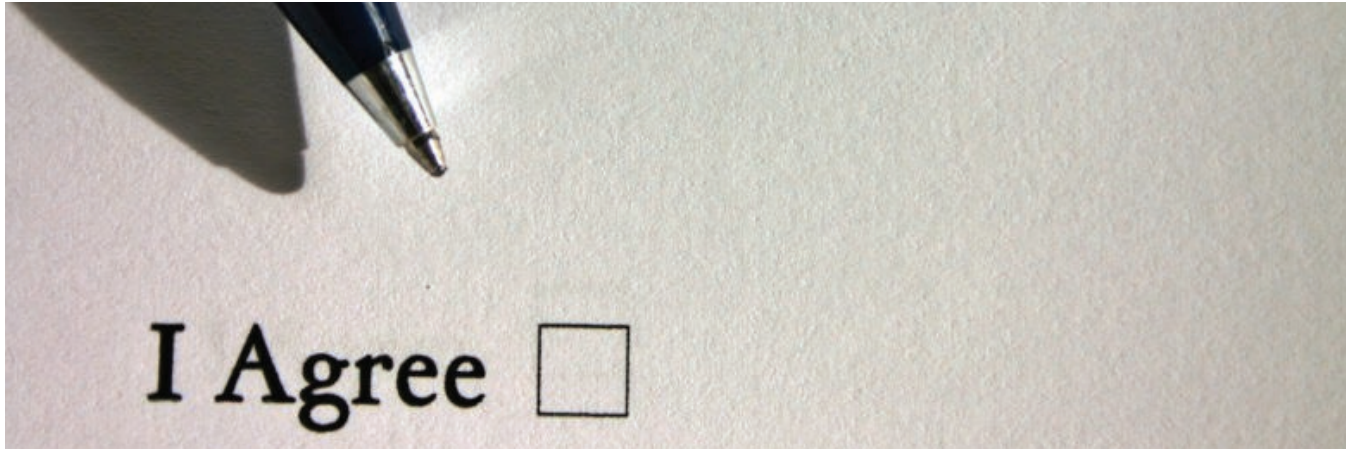
1. Only place your mail in secure mail receptacles. After some concerns about theft from my office complex's mailbox, we installed signs over the mailbox warning they were on video and we improved lighting around it;
2. Monitor your company checking account daily. Confirm that neither the name nor amount on your checks has been altered;
3. Notify your bank immediately if you suspect check theft;
4. Reach out to the intended recipient of checks that linger uncashed to see if the intended recipient has them;
5. Contact your bank about adding two-factor authentication and other loss prevention services such as positive pay, which has you confirm all checks issued electronically the next day, and;
6. Add Crime Insurance coverage that can help protect against fraudulent account transfers.



Kurt D. Kelley, J.D.  
President  
Mobile Insurance

*President of Mobile Insurance, an agency specializing in insurance for manufactured home communities and retailers. Named top commercial insurance agency by American Modern Insurance Group. Member of numerous insurance companies' policy development and advisory teams. One of largest manufactured home specialty agencies in the country. 2009 - Present*





**B**usiness relationships often begin before parties execute a written agreement containing the terms and conditions by which the relationship will be governed. With little more than a Letter of Intent (“LOI”) or Letter of Award (“LOA”) one party is typically pressured to begin investing time and money to start preliminary work on a project. If such LOI or LOA contains nothing more than an agreement to agree later, the performing party should minimize its investment until the later agreement is executed. A recent court decision in New York confirmed the danger to the performing party under “agreement to agree” provisions.

*In Permasteelia North America Corp. v. JDS Const. Group, LLC*, 2022 WL 2954131 (N.Y. Sup. CT. 7/22/22), the plaintiff subcontractor allegedly performed \$1.9 million worth of preliminary work under nothing more than a LOA with an agreement to agree provision. Issues arose, and the parties never entered any later written agreement. The general contractor refused to pay the plaintiff anything for its preliminary work. In response, the plaintiff filed suit against the general contractor asserting four counts: foreclosure of its lien, breach of contract, unjust enrichment, and account stated. All four counts were based on an alleged oral “handshake deal” for subcontract work for the project. The general contractor’s LOA stated that neither party would be bound “unless and until the parties actually execute a subcontract.” During discovery, the plaintiff admitted that neither party intended to enter into any contract until its potential terms were negotiated, reduced to writing, and signed. Moreover, the plaintiff only offered one set of meeting minutes and a few project agendas to support its alleged “handshake deal.” Once these necessary undisputed facts were confirmed, the defendant moved for summary judgment on all four counts.

The court readily granted the defendant’s motion on all counts based on clear and well-settled New York law. Where an agreement contains open terms, calls for future approval, and expressly anticipates future preparation and execution of contract documents, there is a strong presumption against finding a binding and enforceable obligation. An agreement to agree, in which material terms are left for future negotiations, is unenforceable unless a methodology for determining the material terms can be found within the four corners of the agreement, or the agreement refers to an objective extrinsic event, condition, or standard by which the material terms may be determined. The defendant’s LOA only called for anticipated future preparation and execution of a subcontract, which is not enforceable. As a result, plaintiff will recover nothing for the work it allegedly performed under the LOA.

In New York, agreement to agree provisions negate the enforceability of anything other than a subsequent fully executed contract. Under such provisions, one party avoids legal expenses and the risk of an uncertain outcome of a lawsuit based on an oral agreement, and the other party risks nonpayment with no legal recourse to get paid, as happened in the case noted above.



*Bill Wilson is a commercial lawyer with more than 20 years of experience representing and counseling municipalities, public and private owners, quasi-public agencies, developers, design professionals, architects and engineers, suppliers, contractors and subcontractors in the areas of construction and commercial law. He is an experienced litigator who also drafts, reviews, and negotiates all types of construction and commercial contracts. Read his full bio [here](#).*

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**Kurt Kelley - President**



## 2023 Outlook Optimistic for Texas Manufactured Housing Industry

COLLEGE STATION, Tex. (Texas Real Estate Research Center) - Texas' manufactured housing activity accelerated in March, marking the second straight month of industry improvements according to the latest Texas Manufactured Housing Survey (TMHS).

The TMHS sales index accelerated into positive territory and reached its highest value since January 2021.

"Despite last year's macroeconomic challenges, housing manufacturers predicted a jump in sales back in the October survey," said Wes Miller, senior research associate at the Texas Real Estate Research Center. "Data revisions reveal an improved economic environment in February and March that is expected to extend into the summer."

The survey is completed during the last week of each month, meaning the March optimism takes into account any financial-stability concerns after the Silicon Valley Bank run.

This elevated optimism coincided with decreased prices paid for raw materials and much less volatility in the supply chain. The TMHS indicated an eight-month stretch of supply-chain normalization, corroborating improvements in vertical operations after pandemic disruptions.

"The New York Federal Reserve's Global Supply Chain Pressure Index has proven to be a pretty good indicator of supply-chain conditions," said TRERC Research Economist Dr. Harold Hunt. "The index turned negative in February, the most recent data, indicating supply-chain pressures are now below the long-term average. This was the first negative reading since August 2019 and a sign that supply chains are effectively back to normal."

With supply chains smoothing and demand picking up, Texas' housing manufacturers anticipate significant production increases over the next six months. The increased activity

should support payroll expansions and average workweeks, both of which contracted consistently since last summer.

"The order increase in March was a welcome sign for the industry that retailers are working their way through excess and older inventory," said Rob Ripperda, vice president of operations for the Texas Manufactured Housing Association. "The last time there was a reduction in the aggregate inventory level for the state prior to this first quarter of 2023 was in the summer of 2021. Production levels have been running at the lowest levels in a decade, but increased orders should start pushing production up as we move into the second quarter of the year."

TMHS respondents, however, anticipate backlogs to build up over the next six months, suggesting sales may continue to outpace production.

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# The Importance of Video Marketing for Manufactured Homes

By [Wil Ferguson](#)  
[ManufactureHomes.com](#)



If you're in the manufactured housing industry, you know that marketing your product can be a challenge. With so many options available to potential buyers, how do you make your homes stand out? One way to do this is through video marketing. Video is a powerful tool that can showcase your product in a way that photos and text alone cannot. In this article, we'll explore the importance of video marketing for marketing manufactured homes, and give you tips on how to create effective videos that will help you sell more homes.

## Why Video Marketing is Important for Marketing Manufactured Homes

There are several reasons why video marketing is important for marketing manufactured homes. First, videos are engaging and memorable. They can help your brand stand out in a crowded market, and make a lasting impression on potential buyers. Second, videos can demonstrate the features and benefits of your homes in a way that photos and text cannot. They can help potential buyers visualize themselves living in your homes and show them how your homes can meet their needs and lifestyle. Finally, videos are shareable and can be easily distributed through social media and other channels, expanding your reach and helping you connect with more buyers.

## Tips for Creating Effective Video Marketing for Manufactured Homes

Now that we've established the importance of video marketing for marketing manufactured homes, let's look at some tips for creating effective videos that will help you sell more homes.

### 1. Focus on the Features and Benefits of Your Homes

When creating videos for marketing manufactured homes, it's important to focus on the features and benefits of your homes. Show potential buyers the quality of the materials and finishes, the range of customizable options available, and the energy efficiency and durability of your homes. Emphasize the value and affordability of your homes, and how they can meet the needs and preferences of different families and lifestyles.

### 2. Highlight the Neighborhood and Community

Another effective way to market manufactured homes through video is to highlight the neighborhood and community where the homes can be located. Show potential buyers the

amenities, such as parks, schools, and shopping centers, and the local attractions that make the community unique. By showcasing the lifestyle and community of your homes, you can appeal to a wider range of buyers and make your homes more attractive.

### 3. Use High-Quality Visuals and Music

To create effective videos for marketing manufactured homes, it's important to use high-quality visuals and music. Use professional-grade cameras and lighting to create high-quality images and video, and choose music that reflects the mood and tone of your homes. By using high-quality visuals and music, you can create an emotional connection with potential buyers and make your homes more appealing.

### 4. Optimize for Social Media and Other Channels

Finally, when creating videos for marketing manufactured homes, it's important to optimize them for social media and other channels. Make sure your videos are easily shareable and can be distributed through social media and other channels. Use keywords and tags to optimize your videos for search engines and make them more discoverable to potential buyers. By optimizing your videos for social media and other channels, you can expand your reach and connect with more buyers.

## Conclusion

Video marketing is a powerful tool for marketing manufactured homes. By creating engaging and memorable videos that showcase the features and benefits of your homes, highlight the neighborhood and community, use high-quality visuals and music, and optimize for social media and other channels, you can make your homes stand out in a crowded market and connect with more potential buyers. So, go ahead and give it a try - create your own video marketing campaign and see the results for yourself! And of course, you can always reach out to [ManufacturedHomes.com](#) or [Where's Wil](#), and we can do it for you.



*Wil Ferguson is a skilled photographer and videographer with over two decades of experience. He currently works with [ManufacturedHomes.com](#) and [Where's Wil Manufactured Home Tours](#), creating stunning visuals and blogs that showcase the latest trends in manufactured homes. Wil's technical expertise and artistic eye for detail shine through in his work, capturing the essence of each subject he shoots. Whether he's capturing a breathtaking sunset or a cozy living room, Wil's passion for his craft is evident in every project he undertakes.*





If you read all of the prevailing articles on mobile home parks in the news, you will see two common themes:

## 1) park owners are evil for raising rents and

## 2) park owners are evil for shutting down parks.

Both revolve around the same topic, which no journalist apparently wants to address, which is the simple economic fact that mobile home parks that don't make healthy profits get redeveloped into more profitable uses. Just as the weakest zebra gets eaten by the lion, the weakest mobile home parks get eaten by the developer and made into apartments or big-box retail stores. Unlike a Disney movie, the weakest zebra never succeeds in talking the lion out of eating it, nor is the lion only trying to deliver a telegram which says the zebra won the lottery.

The United States is a capitalist country (that's our economic system) and it's built on the framework of competition. Land has value as many uses, from a car wash to an office building, and there's only a wrecking ball and a blueprint holding back any piece of land from an alternative development. Real estate is based on rate-of return and appraised value, and both are based on net income. When a property has a lower net income it becomes at risk of being torn down and replaced with something that offers a higher net income. It's not that complicated a theory.

That's why it seems odd that journalists and government officials can't seem to grasp the simple concept that any mobile home park is only a heartbeat away from a different use.

In fact, mobile home parks represent some of the most attractive development sites in the U.S. for several reasons:

- They typically have great road frontage, as the average age mobile home park is around 60 years old and cities

have literally grown up around them.

- Mobile home parks are typically on a land mass of two to ten acres, which just happens to be the dream pad site for most real estate categories.
- Cities hate mobile home parks (well, it's the truth) and they would love to see them go so they have no problem approving any zoning or plans needed to make that happen.



So if mobile home parks are so attractive as development sites, what's holding back the wrecking ball right now? One thing only: net income. Many mobile home parks are, in fact, the highest and best use of the property as they have high rents and strong cash flow. Those REIT-quality parks are not the ones that are at risk, nor are they the ones addressed in the on-line articles I'm describing. It's the mom-and-pop park with low rents and failing infrastructure that I'm talking about. And those are in a tough position at the moment. There are roughly 44,000 mobile home parks in the U.S., and probably at least 34,000 of them fit into this category. And the jury is out on whether they stay as mobile home parks or not.

Let's start off with "why would a mobile home park owner redevelop their property"? There are three root causes. **The first** is that the property does not make sufficient cash flow to warrant remaining as that use. In some cases, mom-and-pop owners have not raised their rents at anywhere the speed of inflation over the decades, and as a result costs have increased dramatically while rents remained static. The result is a net income so ridiculously low that, at some point, a broker or just common sense points out to them that a mobile home park is

## You Can't Have It Both Ways Cont.

not the best use for the land. There are some cases in which the park actually loses money each month. The bottom line is that the park is in danger of the wrecking ball when revenue minus expenses does not yield a sufficient cash flow to be attractive.

**The second** factor is when the park has failing infrastructure -- typically water and sewer delivery but roads can also be a big issue. All of these cost tens of thousands of dollars to repair or replace (as much as \$1 million to replace a waste-water treatment plant) and the mom-and-pop owner does not have the ability to pay for these. Additionally, they can't get a loan to pay for them because the property does not have sufficient cash flow to service the loan.

**The final** reason is simply that mobile home park management has never been pleasant, and in some cases a combination of a few toxic residents and a willing journalist elect to publicly shame the mom-and-pop owners for suppressing rents and, logically, not being able to keep the infrastructure to the highest standards. Effectively, these few residents and their associated media allies declare psychological war on the park owners, and that simply accelerates the property being closed down for redevelopment.

So what's the solution if the true ambition of bureaucrats and the media is to ensure that mobile home parks stay just as they are? The answer is to encourage higher rents. Because all three of these catalysts to redevelopment revolve around rent levels. With higher rents, the parks make more money and can be competitive with other uses. With higher rents, the park owner can obtain debt to repair and/or replace aging infrastructure. And with higher rents, and the better infrastructure and professional management that they afford, you don't have public shaming.

The final point I would like to make is that, in the mobile home park industry, higher rents are still way too low based on market pricing for housing. The average lot rent in the U.S. is around \$300 per month, while the average apartment is around \$2,000 per month. Even after factoring in the mortgages on the small percentage of new homes in parks, that's still around \$1,000 per month less. If you doubled the lot rent to \$600 per month, you would still be significantly less than apartments. When the media harps on the "evil" park owner raising rents by \$100 per month and stating that it's a 30% increase, the truth is that the increase - in real terms - is nominal. Denver, Colorado lot rents are around \$900 per month and the parks remain full and with waiting lists. They do that because at \$900 per month they are still the least expensive housing option in that market.

It all boils down to a simple choice: do you want higher lot rents or do you want mobile home parks to shut down? Because you can't have it both ways. Suppressing lot rents by publicly shaming moms-and-pops is only going to accelerate those properties to find a new - and more profitable - use. It's simply a fact of life that no journalist dares to accept, but it's the truth nevertheless. I hope that more legislators, journalists, and park residents figure this out in the near future before more of the only affordable housing stock in America is lost.

*Ben Ivry has written for The Economist, The Wall Street Journal, Newsweek, Time, The New York Times, Bloomberg.com, and The Washington Post.*





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# 8 Tips for Building a Profitable Rental Property Portfolio

By Azibo Team



**Learn what first-time rental property buyers need to know before taking the leap into rental property investment.**

Every month, new landlords enter the real estate market to build their assets and earn rental income. However, stepping into this field for the first time can be challenging and intimidating for new property buyers. And even experienced homeowners agree that purchasing a property to live in is vastly different than purchasing a property.

From finding the right property, choosing the best tenant, staying on top of rent collection, to properly filing taxes, rental property owners have to manage many details. Here are some of the most important things that first-time rental property buyers should know.

## What rental property buyers need to know

### 1. Have the right mindset towards your investment

First-time buyers often look at a rental property purchase in the same way they view the purchase of their homes. This can lead to numerous mistakes in the handling and management of the property.

First-time investors must learn to look at their rental properties as assets and investments to be managed prudently and with care. Property owners are not simply home owners, they are business owners who must treat renters as valued customers and properties as important assets.

### 2. Choose your first tenants wisely

Tenants are often the deciding factor in how stressful the experience of renting out a property can be for first-time owners. Tenants that pay on time, maintain communication with owners, and treat the property with respect and care can make it significantly easier for property owners to learn and grow in the business.

This is why it is important for property owners to understand the profile of their first renter. An effective tenant screening process can help landlords ensure their first renter does not have a history of defaulting on rent payments or breaking their lease before its end.

### 3. Remain compliant with the latest laws and regulations

Like any other business, rental properties are subject to ever-changing laws and regulations. The first thing landlords should do is familiarize themselves with the laws and regulations that apply to their state and property type. Once property owners are familiar with these laws, it is important they stay up-to-date regarding regulatory changes across lease periods and renewals.

### 4. Set an appropriate starting rental price

Although rental prices are always changing and fluctuating, take the time to determine an appropriate price for your first tenant. New rental property owners can do this by searching the average rental price in the state, matching prices with similar properties in the neighborhood, and assessing the value that their property can uniquely provide.

## 8 Tips for Building a Profitable Rental Property Portfolio Cont.

Choosing the right price in the early stages also makes it easy for landlords to rely on renewals and minimize turnover – ensuring a steady, fair income from long-term tenants.

### 5. Adjust your rent according to the latest market conditions

As the industry landscape and tenant preferences evolve, rental property owners must remain flexible. The effects of the COVID-19 pandemic have underlined the importance of understanding and responding to changing market conditions to ensure revenue continuity. This means that landlords should always be aware of how similar properties in the area are adjusting rent prices, as well as how much tenants are willing to pay during periods of economic uncertainty.

### 6. Ensure that your tenants are protected with renters insurance

There are many avoidable and unavoidable issues that can occur during the course of a lease. From unintentional damage to theft and injury, renters and landlords can find themselves footing the bill for a wide variety of problems. Landlords protect themselves from unplanned bills by holding a security deposit from tenants – and an average of 36.1% of landlords have had to use these security deposits to cover unforeseen costs.

In extreme circumstances such as an accident or fire on property, landlords could end up footing the bill and engaging in tedious administrative processes if tenants are unable to pay for damages. This is why it's a good idea for landlords to require tenants to have renters insurance to cover these unpleasant scenarios.

### 7. Have reliable processes in place to get paid every month

Rental property buyers often begin their investment journey as a way to generate additional income. However, landlords who don't use modern software tools for rent collection are often faced with the hassle of chasing down tenants for rent each month.

As online payments become easier than ever, landlords should allow renters to pay in a way that is convenient for all parties involved. This could mean allowing tenants to make simple bank transfers, set up recurring payments, use digital platforms designed for rent collection, or even pay rent with their credit cards.

### 8. Keep track of important documents with modern software

During the course of a lease, it's critical for landlords to maintain a strong and positive relationship with their tenants. This relationship is often at its most strained when it is time to return the security deposit.

A recent survey revealed that 23.8% of renters believed that a landlord had unfairly held back a security deposit from them. This can be avoided by all parties keeping an accurate record of important documents relating to the lease in a convenient and consolidated location.

### Build a profitable rental property business

These tips can get new landlords well on their way to building a profitable rental business. First-time rental property buyers have to wear multiple hats throughout this business venture. Between tracking finances, dealing with compliance paperwork, and monitoring an evolving rental market, earning a rental income can become overwhelming very quickly. Fortunately, the right software can help property owners offload these important but time-consuming tasks. Learn how Azibo's all-in-one financial platform for landlords can help you manage your rental income more effectively.

*We are the one-stop shop financial services platform for rental properties, providing a world-class platform for rent collection, banking, lending, insurance, and more. Our simple, modern tech tools level the playing field and enable anyone to build wealth in investment properties – while making life easier for independent landlords, renters, property managers, and vendors.*





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# Production Increases and Momentum Builds in Texas' Manufactured Housing Industry

By Bryan Pope



COLLEGE STATION, Tex. ([Texas Real Estate Research Center](#)) – The outlook in Texas' manufactured-housing industry strengthened for the third consecutive month, according to the latest Texas Manufactured Housing Survey (TMHS) The April reading marked the largest improvement since last summer.

New orders continued to accelerate, and the TMHS production index moved positive after stalling during the second half of 2022.

"Housing manufacturers have been preparing to ramp up production for several months, and that came to fruition in April," said Wes Miller, senior research associate at the Texas Real Estate Research Center at Texas A&M University (TRERC). "As expected, companies expanded payrolls and lengthened workweeks to reach higher run rates."

"Through both retailer and community channels, manufacturers have seen increased placements of their homes in and around Harris County, out west in the Midland-Odessa area, and down south in Cameron County," said Rob Ripperda, vice president of operations for the Texas Manufactured Housing Association. "Placements are on pace to elevate further based on first-quarter shipment data, and that should pull Texas' aggregate inventory back to normal levels. If sales stay strong, manufacturers should continue to see those orders come in and those backlogs get longer."

TMHS respondents expressed that exact sentiment, with the sales-expectations index hovering around record highs, leading to backlogs.

"The optimism from housing manufacturers may be a result of stronger-than-expected performance by the Texas economy," said TRERC Research Economist Dr. Harold Hunt. "Although a recession is not yet off the table, Texas' job-growth expectations are ahead of where they were six months ago. Mortgage rates have come down from their highs as well, possibly giving buyers more confidence about the future."

Interest rates may stabilize further as the Federal Reserve contemplates an end to the current rate-hike cycle.

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# Trapped: How Federally Backed Financing is Making Mobile Homes Less Affordable

By Shannon Pettypiece



NBC News/ Getty Images

**L**ow-interest loans supported by Fannie Mae and Freddie Mac have fueled a spree of acquisitions of mobile home parks where new owners drive up costs for longtime residents.

WASHINGTON - It wasn't long after residents of a mobile home senior community in Ohio were told that their property had been bought by a new owner, with the help of financing from federally backed Freddie Mac, that their costs started going up.

Kathy Bebout, who at 66 gets by on her late husband's Social Security benefits, said the rent for the small lot her home sits on at Navarre Village went up \$55 last fall to \$425 a month - far from the \$5- to \$10-a-year increases she was accustomed to under the family that previously owned the property. She said she's had to pick up extra work cleaning houses to afford the bigger bill.

"Everyone's scared about what's going to happen, what's going to come. It has caused so much stress," said Bebout, who said many of the community's residents are in their 80s and unable to take on extra work to cover the higher costs. "These poor people in here, they're not buying food or eating properly, everyone looks terrible, they're so worried about the rent."

Adding to residents' frustration over the rising costs is who helped finance the sale of the property to Legacy Communities LLC, which runs dozens of mobile home parks

across the country. The loan for the acquisition was financed by Freddie Mac - a government-sponsored enterprise that has been mandated to help support housing for low-income Americans since it was taken over by the federal government during the 2008 housing crisis.

But rather than preserving one of the last bastions of affordable housing, the role that Freddie Mac and its peer Fannie Mae have played in the market has done the opposite in some instances, affordable housing advocates and lawmakers say. They say the access to relatively cheap, low risk capital provided by the federally backed entities has contributed to a surge in mobile home park acquisitions where new owners are raising rents and fees.

"Fannie and Freddie have added fuel to the fire. There's just no question," said Paul Bradley, president of ROC USA, which helps residents finance the purchase of their communities. "This competition to provide the lowest cost loans to park investors and their grab for market share helped fuel this."

## We're all trapped

Acquisitions of mobile home communities have been growing over the past decade with private equity firms and real estate investment trusts acquiring about a quarter of the lots available for manufactured homes in the U.S. between 2015 and 2021, according to data compiled by the Lincoln Institute of Land Policy.

## Trapped: How Federally Backed Financing is Making Mobile Homes Less Affordable Cont.

But the activity has surged since 2020 as investors looked to mobile home communities as a relatively stable source of passive income amid a volatile economy. In 2022, there was \$4.3 billion spent on acquisitions of mobile home parks affecting 60,000 units, according to real estate firm JLL.

As a result, residents across the country have reported spikes in their rents after their communities were acquired. The properties have also become a target for investors looking to redevelop the land, like in Phoenix where three mobile home parks are set to be closed in the coming weeks after they were sold to private developers. Because mobile home residents often own their home but not the land it sits on, they have few options when their lot rents get too high or the owner decides to redevelop the land.

At the Navarre Villages, Bebout was told it would cost \$25,000 to move her 1,300 square foot manufactured home and then she'd have to buy a new piece of land to put it on or find an opening at another park.

"We feel trapped because we can't even move our homes," said Bebout. "We'd not only have to use the \$25,000 to move it, but then you have to reconstruct it and you have to find a new place. I'm trapped, we're all trapped."

She could also lose money by selling her home because she was told its value has gone down because of higher rents for new residents. For those moving into the community, the rent has doubled to \$700 a month. That higher rent has driven down the value of the homes in recent months, said Christine DiSabatino, 69, a real estate agent who lives in Navarre Village. One home that recently sold for \$40,000 likely would have sold for more than \$60,000 a year ago, before the rent increases were put in place, she said.

Legacy Communities chief operating officer Andrew Fells said in a statement that the company considers a number of factors when determining rent increases, including the cost of investments in improving and maintaining the property, operating and supply costs, the cost of loan interest and principal payments, as well as rents and other fees at comparable properties.

"The harsh economic realities of the past year have been particularly challenging," said Fells. "The interest on our loan has more than doubled as a result of the dramatic rise in interest rates. We are also facing a regional (consumer price index) above 8%, cost increases for labor, insurance, taxes, utilities, supplies, and vendors who pass through their own cost increases."

Legacy plans to invest \$1.2 million in the Navarre Village in "capital investment to repair neglected infrastructure, add amenities and improve the community's curb appeal" that could ultimately improve residents' home values, said Fells. For those struggling with rent related to a job loss or illness, he said Legacy offers a catch-up payment installment plan.

"Rather than compromising on maintenance and allowing the community to fall into disrepair, we sought to lessen the impact of these increased costs on our existing residents by implementing higher rents on new residents entering the community," Fells said.

But so far residents at Navarre say they haven't seen any infrastructure improvements since Legacy purchased the property last fall. Additional amenities suggested by Legacy, like a pickle ball court or community fire pit, would be of little use to the property's elderly residents, many of whom have difficulty carrying out basic daily tasks, said DiSabatino.

### An Impossible Situation

While there are a number of players involved in financing mobile home park acquisitions, lawmakers have turned their focus to Fannie and Freddie, given their federal mandate to promote affordable housing. A group of 17 Congress members sent a letter in August to the Federal Housing Finance Agency, which has overseen Fannie and Freddie since they were taken over in 2008, urging the agency to require longer-term leases to protect against sudden rent increases, additional eviction protections and to provide more opportunities for residents to purchase their community.

Sen. Sherrod Brown, an Ohio Democrat, sent a letter to the CEO of Freddie Mac in December about the rising costs at Navarre Village, asking for more details on how the firm goes about approving loans for acquisitions and what considerations it has for protecting tenants from rent increases.

"These sudden and drastic rent increases are putting Ohio seniors, many of whom live on fixed incomes, in an impossible situation – they can't afford the rent increases, and they aren't able to sell their homes because few potential buyers can afford Legacy Communities' new lot rents," Brown wrote.

But a Democratic Senate staffer who looked into the issue said there didn't appear to be any violation of the existing laws or any clear legislative efforts on the table to strengthen requirements.

Fannie Mae financed \$11.5 billion in manufacturing housing community loans between 2020 and 2022, and since getting

## Trapped: How Federally Backed Financing is Making Mobile Homes Less Affordable Cont.

into the manufactured housing business in 2000 it has financed more than 1,700 loans covering 750,000 manufactured housing sites, a Fannie Mae spokesperson said. Freddie Mac has purchased the loans for about 1,400 manufactured housing communities since it got into the business in 2014, which accounts for about 3% of the communities nationwide.

"Fannie Mae has been a leading source of liquidity for Manufactured Housing Communities since the early 2000s, and we remain committed to preserving and advancing this vital sector of the housing market," a Fannie Mae official said in a statement noting that it had no authority over rent decisions by the owner.

Freddie and Fannie officials said they have been taking steps in recent years to help protect residents of mobile home communities as part of their federal mandate to preserve affordable housing. Starting in 2019, the entities began offering a discounted interest rate to borrowers who put specific tenant protections in place for their residents and since 2022, they have required all borrowers to put those protections in place.

The protections require community owners to provide 30 days written notice of rent increases, a five-day grace period for rent payments, 60 days' notice before selling the community to a new owner, and measures to make it easier for people to sell their properties, such as the right to post a for-sale sign on their property.

But those protections don't have any limits on how much a new owner can increase rents, and housing advocates say they provide the bare minimum protections for mobile-home owners and should go further.

"It feels ironic in a very unfortunate way that Fannie and Freddie are actually, by purchasing these loans, they're making this problem worse not better," said Jim Gray, a nonresident senior fellow at the Lincoln Institute of Land Policy. "What Fannie and Freddie really should be doing is making it easier to help people buy their own community and yet what they're doing is they're helping these predatory investors buy communities.

Though putting too many restrictions in place for borrowers could drive them to other lenders outside Fannie and Freddie's network, where there would then be no tenant protections required, said a Freddie Mac spokesperson.

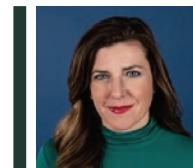
"We pioneered a requirement that all manufactured housing community loans we purchase include tenant protections, and we worked for years to get the market to adopt the standards," the spokesperson said in a statement. "Freddie Mac is committed to protecting as many MHC tenants as we can. It's a balancing act, as owner/operators can always opt for financing that does not include our protections."

Aside from limits on rent increases, housing advocates say one thing the firms could do is support mortgages for people looking to buy a manufactured home and make it easier for residents trying to buy their mobile home community to get financing via Fannie or Freddie, allowing them to benefit from the lower interest rates they provide.

Fannie and Freddie "are the most affordable market rate debt for manufactured housing communities," said Bradley of ROC USA. "So it's off the table for co-ops, but it's what industry is leveraging left and right."

In the meantime, residents at Navarre Village said they were anxiously awaiting what would come next for their community.

"The rumors are just flying and it's sad," said DiSabatino. "Here are these seniors that really have no idea what they're going to do or what they can do or how long they can afford to live here."



*Shannon Pettypiece is senior policy reporter for NBC News digital. NBC News Digital is a collection of innovative and powerful news brands that deliver compelling, diverse and visually engaging stories on your platform of choice.*

 **NEWS** DIGITAL

# Repairs vs. Capital Improvements to Rental Properties: How Are Each Taxed?

by Michelle Lelah

Every landlord must carry out regular maintenance and repairs to keep their rental properties habitable. Fixing a faulty faucet, AC unit repair, or painting the property are all part of a landlord's job description.



In contrast, capital improvements boost the property value, or extend the life of the property. Capital improvements also go by the terms capital expenditures (CapEx) or capital expenses.

Many real estate investors like to classify most of the work done in the property as regular repair and maintenance to maximize their landlord tax deductions. As much as it sounds like a good plan in minimizing the property or rental income tax dues, false tax deduction claims can land you in hot water with the IRS.

So put on your accountant hat, because all landlords need to understand rental property repairs versus capital improvements for filing tax returns and taking deductions.

## Repairs vs. Improvements vs. Maintenance

As you update your rental property, here's what you need to understand about deductible repairs vs. capital improvements, and where maintenance fits in.

### Maintenance

Maintenance is any job done on the property to resolve existing degeneration or prevent damage. Preventative or

standard maintenance work is simple. The aim is to keep the property original and functional.

Substitutes or replacements of property components that are past their useful life fall under maintenance. Anything more than that ceases to be routine maintenance work.

Routine servicing of the air conditioning condenser counts as maintenance.

### Repairs

Property repair is any work that's done to fix damage or deterioration. Continuing the example from above, calling an HVAC professional to fix a broken line in the air conditioning condenser counts as a repair.

Repairs aim to reinstate the property to the condition it was in before the damage occurred. However, some damage can't be fixed through repair but replacement.

In this case, the work is sometimes considered a capital improvement and treated differently when filing tax returns.

### What Are Capital Improvements?

This is defined as any work done to better the state of the property beyond the original condition. Not only do capital improvements increase the property value, but also extend its expected life.

Capital improvements also raise the income-generating capability of the property. They can include additions, extensions, or changes in the character of the property (i.e. through remodeling or renovations). Replacements, even when the original components are damaged beyond repair, are capital improvements.

To differentiate between capital improvement vs. repairs or maintenance work, you just have to consider whether the job increases the property value beyond the original or simply restores it to the value it was in before the damage or change occurred.

Maintenance jobs can end up being capital improvements when the damage is extensive because a simple repair won't suffice in fixing the problem. For instance, treating termite damage to the joists can become a capital improvement if you end up replacing many joists and structural components. In

## Repairs vs. Capital Improvements to Rental Properties Cont.

this case, you should list the expense as a capital improvement as opposed to repair or maintenance work.

If you buy a fixer-upper, while following the BRRRR method of rental investing, you must depreciate the initial renovation costs. You add them to the rental property cost basis to reduce your capital gains taxes when you are ready to sell.

Replacing the air conditioning condenser counts as a capital improvement.

### Types of Capital Expenditures

Capital expenses are categorized by the IRS to minimize confusion in filing tax deduction claims. As you try to define repairs vs. capital improvements, the latter include:

- **Betterments:** These expenses improve the property's condition or value by increasing its strength, quality, or capacity. Betterments also result in an expansion of the property or fixing a pre-existing flaw.
- **Improvements:** Any expense incurred in the process of improving the condition of an investment property should be capitalized. Improvements are changes done to adapt the property to a different or new use. Restoration of properties also falls under capital improvements.
- **Restoration:** Rebuilding a property to restore it to the original condition or after damage due to casualty loss is classified as restoration capital expense. Also, replacements that involve a significant part of the property structural aspect fall under restoration.
- **Adaptation:** If you alter a major component of the property for new use, that counts as a capital improvement.

### Tax Consequences of Repairs vs. Improvements

*"Fascinating as this lesson in semantics is, why should I care in the slightest?"*

The definition of capital improvements vs. repairs to a rental property matters because of how you deduct the costs on your tax return.

Landlords can deduct 100% of the costs of repairs and maintenance, in the year when they occur. However you can't deduct the cost of capital expenditures all at once - these

must be depreciated over time. Spread over 27.5 years, to be precise. Read up on how rental property depreciation works for a more thorough explanation.

Hire an accountant well versed in real estate investments and tax laws, to maximize your deductions and depreciation. Also, keep excellent records of all repair and maintenance expenses. Save your receipts, invoices, and other paper trails of all repairs, maintenance, and CapEx so you can prove them to the IRS in the event of an audit.

### Final Thoughts

Every landlord should know how to categorize capital expenditures vs. repair work. The IRS won't overlook blunders in your tax returns just because you are a new landlord.

Bear in mind that the line between repairs vs. capital improvements sometimes gets blurry. If you replace all your outdated windows with new energy-efficient modern ones, that counts as a capital expense, since it prolongs the usable lifespan of your rental property. If the neighbor's son throws a baseball through one window by accident, replacing that one window is clearly a repair.

But what if you replace a few windows each year, as they become exceptionally old and crusty looking?

When the line gets blurry, talk to your accountant. They'll tell you to have an argument ready for the IRS in case they challenge you on it, but often you can get away with deducting all of the cost this year.

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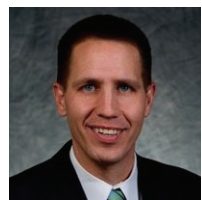
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# MHI Announces the 2023 Excellence in Manufactured Housing Award Winners

WASHINGTON – The Manufactured Housing Institute (MHI) announced its 2023 Excellence in Manufactured Housing Award recipients during the MHI Congress & Expo in Las Vegas last week. The annual awards program honors MHI members in the manufactured and modular home industry who provide outstanding products, customer service, creative solutions and state of the art homes.



*"The winners of this year's MHI Excellence in Manufactured Housing Awards exemplify the determination, commitment and innovative approach that defines our members and industry," said Mark Bowersox, President, Manufactured Housing Institute.*

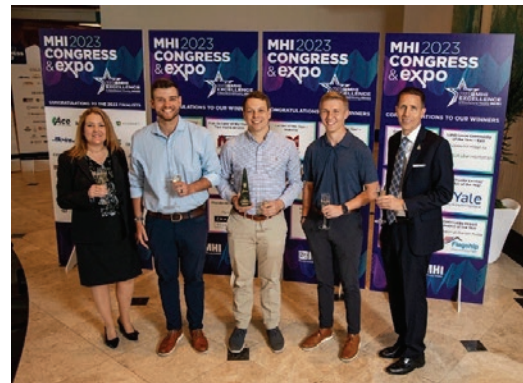
This year MHI received 77 submissions from companies across 17 categories. The winners were chosen by their peers and an independent panel of experts for their leadership and dedication to the manufactured housing industry during the last year. Winners included leaders from every sector of manufactured housing, including manufacturers, suppliers, communities, retailers, lenders, and designers.

MHI is honored to recognize these examples of excellence and innovation. The 2023 Excellence in Manufactured Housing Award winners, listed by category, are:

## Manufacturer of the Year Awards



2 Plants or Less: Adventure Home



3 Plants or More: Clayton Home Building Group

## Retail Sales Center of the Year Awards



East: Flagship Communities REIT, Erlanger, KY



West: Homes Direct, Chandler, AZ

## 2023 Excellence in Manufactured Housing Award Winners cont.

### Land-Lease Community Awards



Flagship Communities REIT



East: Summerhill Village, Four Leaf Properties



West: Dolce Vita, Equity LifeStyle Properties

### Supplier of the Year Award



ManufacturedHomes.com

### Design Awards



Multi-Section: The Auburn Aire by Adventure Homes  
Single Section: The Farmstead by Adventure Homes  
Modular Housing Design Award: Marietta by Skyline Champion

## 2023 Excellence in Manufactured Housing Award Winners cont.

### Lender of the Year Awards



Floor Plan:  
21st Mortgage  
Corporation



National: 21st  
Mortgage  
Corporation



Regional:  
Credit Human



Broker of the  
Year: Yale  
Realty & Capital  
Advisors

### Industry Leadership Awards



Sustainability: Colony Cove Microforest,  
Equity LifeStyle Properties



Community Impact Project of the Year:  
Flagship Communities REIT - Education at Grandin Pointe



For more information about the winners and finalists, go to [ManufacturedHousing.org](https://ManufacturedHousing.org). MHI is the only national trade organization representing all segments of the factory-built housing industry. MHI members include home builders, retailers, community operators, lenders, suppliers and affiliated state organizations.



July 29-31, 2023, Perdido Beach Resort  
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*for more information contact: [info@lmha.com](mailto:info@lmha.com)*



## More DOE Energy Outrages Coming for Industry and Consumers

By Mark Weiss, [MHARR](#)

**N**otwithstanding industry legal action to oppose the excessive and discriminatory May 31, 2022 manufactured housing energy standards adopted by the U.S. Department of Energy (DOE) based on the 2021 version of the International Energy Conservation Code (IECC) and DOE's subsequent steps to delay the scheduled May 31, 2023 implementation date for those standards, the industry cannot afford to lose sight of an even more serious problem that could lie ahead under section 413 of the Energy Independence and Security Act of 2007 (EISA). That "problem," in a nutshell, is an ongoing, continuing and, potentially, never-ending threat of even more extreme standards and even greater regulatory compliance costs being imposed on the industry and its consumers with every new three-year "update" of the IECC. This threat, moreover, is amplified even further at a time when year-over-year (YOY) production of HUD Code manufactured homes, over nearly two quarters, has entered a phase of steep decline, with the severity of that decline progressively worsening over the entire period, reaching a YOY decline of nearly 30% in February 2023.

The looming danger, above and beyond the now ostensibly "delayed" 2022 DOE energy standards, which is not yet widely known or appreciated by many in the industry (or even more so by consumers), is arguably an outgrowth of documented "go-along-to-get-along" activity on DOE energy standards by the Manufactured Housing Institute (MHI). Since the enactment of EISA, virtually all industry attention has been focused on DOE's development of the initial set of IECC based energy standards. Freedom of Information Act (FOIA) documents and other materials obtained by MHARR show that MHI, until 2016, was involved in that DOE development process, including its vote to approve the standards "Term Sheet" developed pursuant to DOE's sham "negotiated rulemaking" process.

If MHI had not been so focused on this cooperation with DOE over this period, it might have taken notice, early on, of DOE's failure to substantively consult with both HUD and the Manufactured Housing Consensus Committee (MHCC) regarding manufactured housing energy standards - as required by law - ultimately leading (despite provably false DOE denials) to the destructive and discriminatory May 31, 2022 DOE final rule. It might also have taken notice of another provision of section 413, requiring that the DOE standards be updated with each new iteration of the IECC, and might have taken steps to ensure the proper representation of all segments of the industry and manufactured housing consumers on the IECC committee, rather than just Clayton Homes, Inc., the industry's largest conglomerate. Or it might

have addressed the unending "updating" issue in remedial legislation that it unveiled in 2022 and supposedly continues to pursue. None of that has occurred, however, leading to the dilemma that the industry and consumers face beyond the immediate threat posed by the May 31, 2022 DOE manufactured housing energy standards.

That dilemma stems directly from EISA section 413. Section 413 has two basic components. First, it shifts authority for the development of manufactured housing "energy conservation" standards from HUD to DOE. Second, it instructs DOE (subject to certain qualifications) to "base" its manufactured housing energy standards on "the most recent version of the International Energy Conservation Code...." And, when the IECC is revised, DOE is directed to "update" its manufactured housing energy standards "not later than ... one year after" any such revision. Consequently, post-2021 revisions of the IECC will trigger a parallel "revision" process for the DOE manufactured housing energy standards. And the IECC is subject to a three year updating cycle. As a result, the revision process for the 2024 IECC is underway now and it is highly likely, in the absence of prior judicial intervention, that the energy/climate zealots at DOE will use that update to tighten the screws on the industry and its consumers even further when the 2024 IECC is published (and every three years thereafter).

As a result, MHARR has been carefully monitoring and analyzing ongoing proceedings, under the auspices of the International Code Council (ICC), that will lead to the next iteration of the IECC in 2024. From that monitoring, it is evident that the 2024 IECC process is being dominated by climate extremists, placed on the development committee by ICC, which itself has simultaneously skewed the entire IECC process through biased policies and pronouncements. By structuring the IECC committee as it has and by "putting its thumb on the scale" of the new IECC development process from the start, ICC has undermined any semblance of credibility, legitimacy, or objectivity in the development of the IECC which, in turn, demonstrates yet again, that the IECC is not now - and never will be - an appropriate basis for manufactured housing energy standards, EISA section 413 notwithstanding.

And what will the 2024 IECC look like in comparison to the 2021 version? Well, that is not much in doubt after certain policy pronouncements by the ICC Board of Directors. At the outset, it is important to know that the entire process for the development of the 2024 IECC was changed by the ICC

## More DOE Energy Outrages Coming for Industry and Consumers Cont.

Board after credible allegations of abuse and manipulation in connection with the 2021 IECC.

In the March 2021 edition of MHARR Issues and Perspectives, entitled "The Ultimate Battle Against Destructive Energy Regulation," MHARR wrote:

"[T]he 2021 IECC revision process saw multiple high-cost proposals that were previously rejected within IECC committees, reinstated and adopted, during the final government-official-only vote after a behind-the-scenes campaign by energy special interests to lobby and pressure those government officials to cast votes in favor of the previously-rejected proposals. An NAHB ally, Leading Builders of America (LBA), explained this "manipulation" of the IECC process in a January 26, 2021 letter. To support these claims, LBA provided recordings of conference

calls with special interest activists lobbying government official voters to follow a cheat-sheet "voting guide" showing the previously-rejected proposals the activists sought to have reinstated and adopted in the final vote. As a result of this "political manipulation," the ICC Board of Directors ... voted to convert the IECC from a government code process to an American National Standards Institute (ANSI) based consensus process ... with equally-balanced committees and voting."

Further actions by the ICC Board, however, as explained below, are operating to ensure that the 2024 IECC, notwithstanding the procedural change to a supposed "consensus" process, will be even more excessive, outrageous and costly than the 2021 IECC which has only been adopted, to date, by five states.

First, the Board expressly adopted the 2021 IECC as the starting point for the 2024 IECC. By using the tainted 2021 code as the starting point for revisions, this decision effectively locks in place - for all time - the "manipulation" and "abuse" that the Board effectively conceded in changing to a "consensus standards" system. While thus acknowledging the validity of the claims of a fundamentally-tainted IECC 2021 process, the ICC Board's decision leaves the results of that tainted process in place as a springboard to further contaminate future IECC revisions, starting with IECC 2024, which would build upon a fundamentally-tainted "foundation." As a result, the 2024 IECC is - and beyond dispute will be - fatally contaminated and tainted as a derivative of the fundamentally-tainted 2021 IECC process.

Second, the ICC Board itself ensured that the 2024 IECC would not be the product of an objective, legitimate and un-manipulated "consensus" process by setting illegitimate policy parameters to ensure that future editions of the IECC would track the viewpoints and biases of the ICC Board. Not only did the Board declare that the 2024 could not and would not retreat from the excessive and excessively-costly dictates of the 2021 IECC, but further stated that the IECC should ensure a "pathway" to "net-zero energy buildings presently and by 2030." In a 2021 publication on the change to an alleged "consensus" process, the ICC Board thus stated:

"The 2024 IECC will start from the content of the 2021 IECC ... including an increase of efficiency requirements by about 40%, or an average of 8% a cycle from 2006 to 2021.... The scope and intent of the 2024 IECC and editions moving forward will be updated to meet the following commitments - The IECC will continue to be updated on a three-year cycle and each edition will increase energy efficiency over the prior edition."

So much, then for objectivity and legitimacy, when revisions can progress in only one direction. This mandate thus ensures, in and of itself, that IECC committee members cannot and, indeed, must not even consider the relaxation of any existing standard, let alone exercise any type of legitimate discretion and independence with regard to any such proposal, contrary to American National Standards Institute (ANSI) consensus criteria.

Third, as a result of selection decisions made by ICC and the ICC Board, the IECC committee is dominated, in fact and in practice, by energy/climate extremists. It is evident from every IECC committee and subcommittee meeting monitored by MHARR, that the entire process is driven by energy/climate zealots who predominate and dominate proceedings in every observable respect. Thus, despite participation by the National Association of Home Builders

(NAHB) and other alleged "builder" representatives (including a representative from Clayton Homes, Inc.), those representatives have offered virtually no public opposition to extreme and costly proposals, with one alleged "builder" representative noting that his particular company would be implementing those proposals "voluntarily" in any event. Notably, though, there is no direct representation on the committee for smaller HUD Code industry businesses or related individuals.

Meanwhile, members of the public who have opposed costly and unnecessary proposals in the first round of comments are

## More DOE Energy Outrages Coming for Industry and Consumers Cont.

routinely given short-shrift at committee and subcommittee meetings, prevented from providing full statements, or bypassed altogether. Those from outside the committee offering public comment proposals to either ameliorate or delete costly and burdensome measures are routinely voted-down with no legitimate consideration or debate whatsoever of their points or objections. Indeed, from what MHARR has observed, the "deliberations" of the IECC main committee and subcommittees appear to be scripted and agreed to outside of any type of public record, public visibility or public accountability, and are as open to legitimate and meaningful debate as sessions of the North Korean Politburo.

All of this underscores once again that the IECC is not an acceptable base code or even starting point for affordable manufactured housing energy criteria and that EISA section 413 is an illegitimate abomination, resulting from an ugly legislative process, that now must be repealed regardless of the outcome of pending litigation. Put differently, mere

"delay" of the pending DOE energy standards is not enough. The entire foundation of EISA section 413, and the standards and standards process mandated thereby, are rotten to the core and must be eliminated.



*Mark Weiss is the President and CEO of the Manufactured Housing Association for Regulatory Reform (MHARR) in Washington, D.C. He has served in that position since January 2015 and, prior to that, served as MHARR's Senior Vice President and General Counsel.*

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# The Perfect Storm That Made Insurance More Expensive

By Kurt Kelley, President,  
Mobile Insurance

The Manufactured Housing Institute's annual National Community Council Spring Forum in Las Vegas opened in April with a presentation by Yes! Communities' CEO Steve Schaub. Mr. Schaub pointedly outlined the challenges property owners face today adequately and cost effectively insuring their assets. "Yes! Communities" large real estate portfolio includes multiple coast proximate and high wind/hail risk interior United States locations that mean insurance is a key risk and expense item. Insurance has moved to the main stage. So, why is insurance availability shrinking and while the cost is increasing?



**Inflation.** The National Builders Association estimates the cost to build or repair a building increased over 50% between 2019 and 2022. Property insurance limits, and thus premiums, rise proportionately with replacement and repair costs.

**Catastrophic Property Damage Events Are Rising.** While tropical storm numbers haven't increased the past thirty years as climate doomsayers predicted, the property damage they've caused has due to increased concentration and cost of coastal properties. The Insurance Service Office data shows that 7 of the 10 largest insured loss years in American History were in the last 10 years. Total insured losses averaged 40% more the past ten years than the prior ten-year period. In 2021, there were a record 25 events that caused insurance losses in excess of \$1 billion. Colorado had 12 natural disasters from 1982 to 2001 and 45 natural disasters from 2002-2021. In Kansas, natural disasters increased 288% in the last 20 years.

**Nuclear Sized Jury Verdicts are increasing.**

The press' demonization of business owners, landlords being at the top of that list, has left jury pools increasingly hostile to businesses. Jury verdicts over \$10 million, called "nuclear

verdicts" as they often destroy a company, are up significantly. A one-billion-dollar judgment in favor of a single plaintiff was recently issued for the first time ever. Bodily injury judgments involving brain or spinal cord damage typically result in judgments exceeding the value of everything the plaintiff owns, plus insurance limits.

**Insurance Companies lost money the past four years straight.** This has caused them to call on invested capital to cover losses, thus reducing their capacity to insure while building values simultaneously increase. This means less insurance capacity chasing growing opportunities. In short, there hasn't been enough capital flowing into the insurance world to meet demand.

**Reinsurance costs are up dramatically.** Due to the number of catastrophic events and resulting losses, the reinsurance companies that backstop front line insurance companies have raised their rates and increased insurance company loss retention levels. January 2023 reinsurance renewals resulted in reinsurance rate increases of 40% on average according to the "Insurance Journal." Reinsurance costs normally account for quarter to a third of an insurance company's overall expenses.

Outside of an armed assault on an insurance company compound, there are actions you can take as a business manager to help manage your expenditures. Here's a list of a few of them:

- **Take full advantage of loss control inspection services offered by your insurance companies.** Send your insurance company a proactive reply to all of their recommendations.

## The Perfect Storm That Made Insurance More Expensive Cont.



While no property owner is exempt from insurance marketplace realities, your individual property(ies), management experience, and insurance loss history play a huge role in the coverage offers and pricing you receive. Investing in risk reduction and property improvement offers an excellent return on investment.

- **Shift your high-risk activities to third parties who provide proof of insurance.** Examples for park owners include tree trimming, snow and ice removal, rental home repairs, and utility system maintenance.
- **Avoid high risk properties and assets.** Properties in high wind, flood and fire risk zones as well as old rental home portfolios with significant deferred maintenance cause elevated painful to insure risk.
- **Challenge counterproductive lender insurance requests.** Lenders demanding \$5m excess liability coverage on \$1m investments, property coverage on dirt and cement home sites, a \$750,000 coverage limit on a \$50,000 boiler, or replacement cost coverage for flood risk (it doesn't exist and these are all actual lender demands) should be challenged. Invite the lender's insurance team to visit with your insurance agent to discuss unproductive or unrealistic insurance demands. Don't get me wrong, as an insurance agent, I'm all for ridiculous high-cost lender insurance requests, but my clients don't share my enthusiasm.
- **Conduct regular risk reduction focused inspections of your community.** See the ["Manufactured Home Community Self-Inspection Report"](#) provided by Mobile Insurance.
- **Use rental home move in checklists.** Rental home operations come with elevated liability versus site rental only. See the ["Rental Home Move In Checklist"](#).
- **Work with an insurance pro.** Your insurance agent should know your business and have access to multiple insurance companies they can choose between on your behalf.

*President of Mobile Insurance, an agency specializing in insurance for manufactured home communities and retailers. Named top commercial insurance agency by American Modern Insurance Group. Member of numerous insurance companies' policy development and advisory teams. One of largest manufactured home specialty agencies in the country.*

*Kurt D. Kelley, J.D.  
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# Flock Homes Provides an Overview of 1031 and 721 Exchanges, and the Pros and Cons of Each

by Azibo Team



**1** 031 and 721 exchanges are both excellent real estate investment exchange mechanisms – but they have slight nuances that make big differences in your portfolio.

Want to defer capital gains without managing another real estate property? A 721 exchange might be a good option.

Looking to swap a piece of land for a single-family property you can rent? A 1031 exchange could be your best bet.

Below, we'll break down everything you need to know about 1031 exchanges and 721 exchanges to make the best investment decisions for your real estate business.

## What is a 1031 exchange?

If you're a real estate investor, you've probably heard of a 1031 exchange. A 1031 exchange lets you trade one investment property for another while deferring capital gains tax. According to the Internal Revenue Code (IRC) Section 1031, you must find a "like-kind" replacement asset for it to qualify for a 1031 exchange.

A 1031 exchange allows you to continue growing your real estate investment without having to pay expensive taxes. However, note that this exchange isn't tax-free – it's tax-deferred. You'll eventually have to pay taxes when you sell your replacement property, unless, you pass away – in that case, your heirs won't have to pay a capital gains tax either.

The definition of "like-kind" by the IRS is a bit more inclusive than it appears. You could trade a single-family property for units in an apartment building, raw land for a multi-family property, or even shares in specific funds.

The downside: 1031 exchanges can be complex. You have to find the right like-kind property with the right value, *and* you have to nail the IRS's rigid timeframes. You only have 45

days from the sale of your property to identify a replacement property (you must describe the specific property in detail and provide a written signature) – and you must close on the new property within 180 days to qualify for a 1031 exchange.

## What is a 721 exchange?

A 721 exchange is a mechanism long used by institutional investors, but many individual investors haven't heard of it. If you find a trust or portfolio (known as a Real Estate Investment Trust or REIT) that would be interested in buying your property, instead of swapping your investment property for another tangible real estate asset, you trade for shares in an investment trust. Your shares can earn you a steady income and upside potential, and you transition from being an active investor to a passive one. With a 721 exchange, you can ditch the hassles of traditional rental property ownership and management (e.g., managing tenants, maintenance, rent collection, and the like).

Like a 1031 exchange, your 721 exchange doesn't trigger a taxable event. You won't have to pay taxes on your exchange until you redeem your shares. You could do this all at once or spread it out over time during more favorable conditions, like when your tax bracket is lower.

A 721 exchange also gets you shares in a diversified portfolio. Instead of owning a single piece of real estate, you now own shares in a portfolio that may include many different property types and geographic locations – which helps protect your investment from unpredictable market changes.

## 1031 exchange vs. 721 exchange: Key differences

Not sure which exchange is right for you? Here are a few of the key differences to consider:

- **Ownership:** When you trade your property in a 721 exchange, you don't own that real estate anymore – you own shares in a trust or partnership that has 100% control over the property. That means you don't get to decide who lives there or the rent price. But when you 1031 exchange a property, you're in full control over all the decision-making, since you're the absolute, direct owner.
- **Responsibility:** With ownership comes responsibility. If you can't find tenants for your property, you'll eat the vacancy costs. If a repair needs to be made, it's coming out of your wallet. When you transfer your property with a 721 exchange, you no longer have to worry about the burdens

## Flock Homes Provides an Overview of 1031 and 721 Exchanges Cont.

of maintenance and property management like you do if you use a 1031 exchange and remain the active owner.

- **Diversification:** A 1031 exchange can help diversify your portfolio if you already own other real estate types. A 721 exchange, however, offers even more opportunity for diversification by giving you instant access to an extensive portfolio of different property types and locations.
- **Income:** Owning your own investment property can net you regular rental income, but so can distributions from your REIT shares. Either way, you'll likely make monthly or quarterly income from your investment. However, with a 721 exchange, you'll begin earning passive income right away. Rain or shine, work or vacation, you'll receive distributions – unlike in a 1031 exchange, when as the property owner you are responsible for finding tenants, minimizing vacancies, and tracking down rent payments.

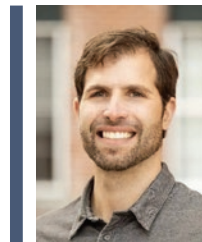
Not every property qualifies for a 721 exchange – but all properties can be used in a 1031 exchange as long as you meet the IRS's criteria and can find a trust to buy your property. In the case when 721 isn't an option, the owner can 1031 equity into a Delaware Statutory Trust (DST), which *does*

qualify as an "asset in kind." Then, after two years, you can use a 721 exchange to swap the DST interest for shares in a real estate investment portfolio.

### How to choose the right option

1031 and 721 exchanges both help with tax deferrals, but they will lead you down two very different real estate investing paths. Neither is necessarily better than the other – you just need to have a good idea of which path you'd like to take before making a decision.

Sometimes, owners can use a 1031 exchange *and* 721 exchange together to get the final investment they want.



*Ari Rubin, Founder & CEO*

*At Flock, we offer individuals the same time-tested strategies used by large real estate institutions. We're on a mission to deliver financial freedom to owners, better living experiences for residents, and durable value to the community.*

# FLOCK



# Renters and Landlords - A Look at the Pros and Cons of the Renting Economy

By [Porch.com](#)

Despite the ripple effects of the housing market crash still being felt across the country, the rental market in the United States is currently booming: Between 2006 and 2016, the number of households renting their living spaces increased from 31.2 to 36.6 percent, just a touch lower than the number of households that rented out in 1965. This means there are more tenants than there have been in 50 years across America, and for every tenant, there's a landlord. While monthly mortgages are actually less expensive than rent in many states, getting past the initial down payment is a

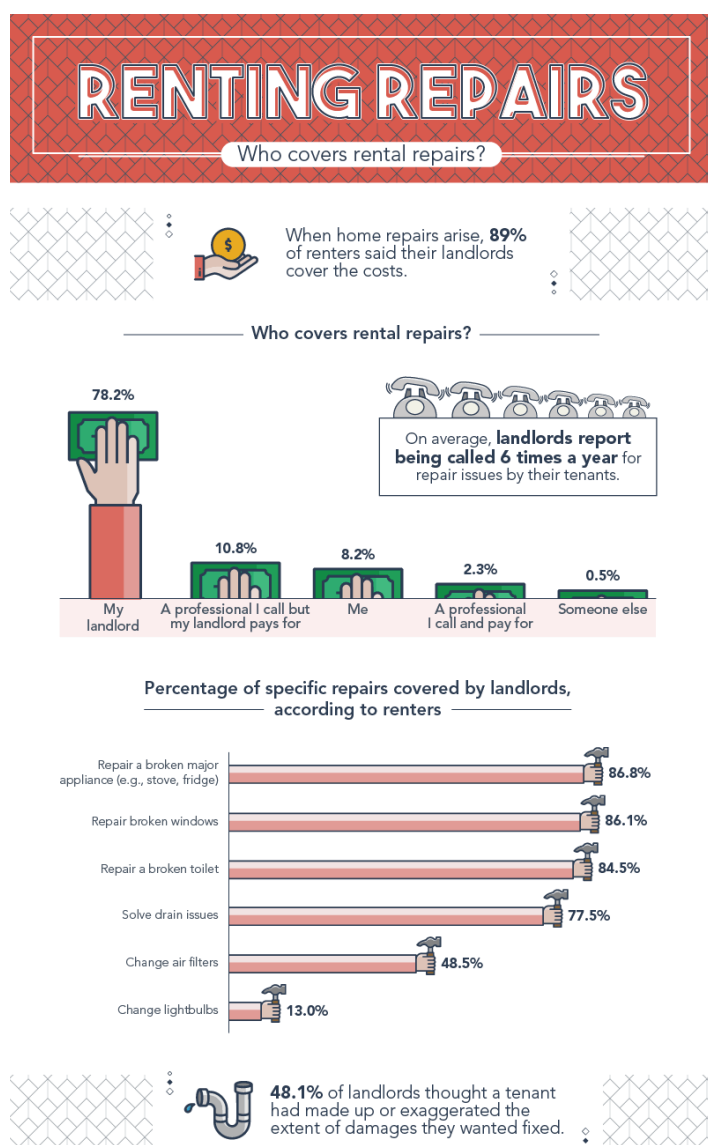
significant barrier for nearly 70 percent of renting households. So in an age of high tenancy and low ownership, **we wanted to explore the intricacies of the renter-landlord relationship—from repairs, responsibilities, and rent to landlords' most infamous tenants.** We surveyed 563 renters and 532 landlords to get the scoop.

## My wrench or yours?

For renters and owners alike, home repair is simply a part of life—but the responsibility to fix a leaky sink or broken floorboard falls on different shoulders depending on the situation. Understandably, renters rarely needed to tackle issues and repairs on their own dime: **78.2 percent of the time, they called their landlord directly**, and in the 10.8 percent of situations where they called a professional on their own, the landlord footed the bill. That means just about 10 percent of incidents were taken care of by the tenants themselves, either physically or financially. Landlords most frequently addressed repairs like broken appliances, windows, and toilets, although over three-quarters of drain issues and nearly half of air filter issues met the same fate. A smaller—yet far from negligible—percentage of renters had their landlord change a lightbulb (13 percent). While renters are fortunate to be able to rely on their landlord to complete repairs, it can be frustrating when urgent calls go unanswered. If this sounds like your current situation, here's how to make sure your landlord gets moving!

## The stress test

As a landlord, creating and maintaining a healthy relationship with your renters is an important success factor—but that doesn't mean it's easy to do. Chasing after people's rents, having units returned to you in a dire state, tenants who refuse to respond to calls and emails...there is no end to the list of hair-tearing stressors that landlords regularly face, not to mention a ton of hoops to jump through before they can even set up shop. The lion's share of landlords, just over 40 percent, said that the level of stress they experienced as a property owner or manager was a three out of five (where 5 indicated extreme stress). There were also twice as many landlords who were not at all stressed as there were who were extremely stressed, and there were slightly more level twos (22.7 percent) than level fours (18.8 percent). No matter how many evictions or rent chases they needed to tackle, a whopping 80.1 percent said the **stress of being a landlord (a job that has produced its fair share of rags-to-riches stories, if you can pull off the role) was worth it for the money.**



### LANDLORD LIABILITIES

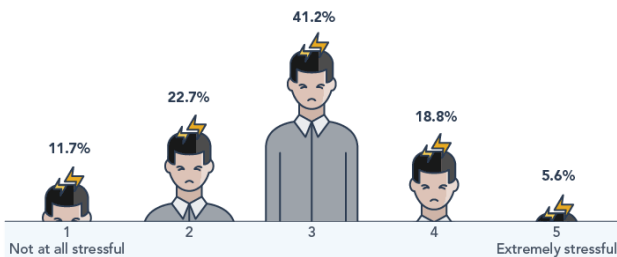
How many landlords have to deal with problem tenants?



On average, they said their tenants' rent was late **25.1%** of the time.

**88.3%** of landlords said they experience some stress in renting out their properties.

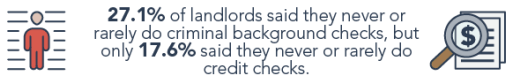
How stressful is being a landlord?



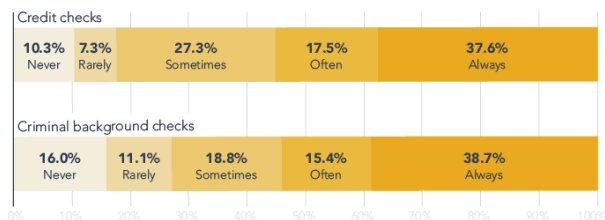
Still, **80.1%** said the money from being a landlord is worth the stress.

### CHECKING UP

How often do landlords do criminal and credit checks?



How often do you do checks on prospective tenants?



### Peeking behind the curtain

Credit reports are a great vetting tool for companies—namely banks and landlords—that take on a certain level of financial risk by offering you a product or service. Some companies might also run a criminal background check to make sure you have a clean record. But how often do they actually go through the trouble of checking up on you? It might be more often than you think. **Nearly 40 percent of landlords said they always ran credit and criminal background checks on their potential tenants.** However, they were overall less likely to do a criminal check, which can help reduce their liability and ensure community safety, with more landlords saying they ran this type of data “rarely” or “never” in comparison to credit checks. Meanwhile, another 17.5 percent of landlords conducted credit checks “often,” and 27.3 percent did so “sometimes.”

### Tales from the front lines

#### TERRIBLE TENANTS

“The worst tenant I ever had...” stories from landlords

“I had to evict a nonpaying tenant, and they backed up all of the plumbing in the house.”

— 32-Year-Old Woman, Michigan —

“She was a hoarder (bad like you see on the TV shows), and we had to completely gut the whole house. There was pet poop, flies, bugs, etc., everywhere. It was so disgusting.”

— 39-Year-Old Woman, Ohio —

“I had a tenant move out and leave a huge mess to clean up. The mess attracted rodents, and then I had to call an exterminator.”

— 27-Year-Old Man, New York —

“[A] tenant moved out leaving 18 bags of garbage and reported me to the fire department for the garbage hazard.”

— 36-Year-Old Man, New Jersey —

“[A] tenant drove through the garage of the home I was renting because he was too drunk.”

— 26-Year-Old Man, Colorado —

“A tenant's cat sprayed all over the townhouse, and the carpet had to be replaced.”

— 56-Year-Old Woman, Pennsylvania —

“I had to call the police because the tenant and his friends were on the roof drinking alcohol.”

— 43-Year-Old Woman, Missouri —

“The worst experience was when they flooded the entire bathroom by trying to change out the toilet themselves.”

— 27-Year-Old Man, Oregon —

## Renters and Landlords Cont.

On a long enough timeline, it's bound to happen: You're going to get a bad egg. Difficult tenants come in many shapes and sizes, and dealing with them properly requires a cool head and a solid knowledge of landlord and tenant rights in your area. Some of our respondents shared their experiences with their most "memorable" renters, and well, it wasn't pretty.

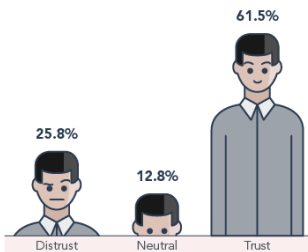
### Trust: a fickle friend

## TRUST IN TENANTS

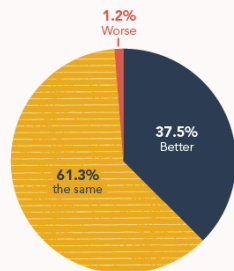
How trust between landlords and tenants is broken



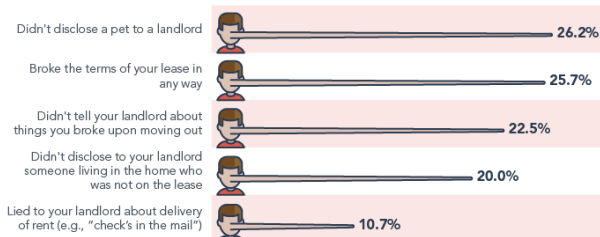
Landlords: How much do you trust your tenants to maintain your property?



Renters: If you owned the home you live in, you would treat it \_\_\_\_.



### Percentage of renters admitting to renting faux pas



More than half of the landlords in our survey (61.5 percent) trusted their tenants to keep their property in good condition, and a nearly identical amount (61.3 percent) did indeed have their units returned in about the same shape as when they handed over the keys. But what about all of the times when the renters dropped the ball? We really will do anything for our furry friends: **26.2 percent of renters admitted to not disclosing they had a pet, the most common renting faux pas.**

Breaking one of their lease terms was a very close second, followed by not mentioning certain damages upon moving out. While it might seem tempting to "forget" to tell your landlord that you broke a floorboard to avoid footing the bill, you also can't assume you won't be found out anyway: Routine inspections are intended to deal with this exact issue, so make sure to maintain your apartment like you own the place and disclose any damages so that they can be repaired as soon as possible!

### Deposit difficulties

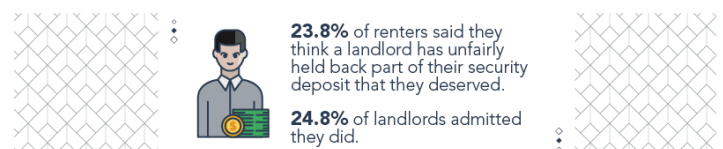
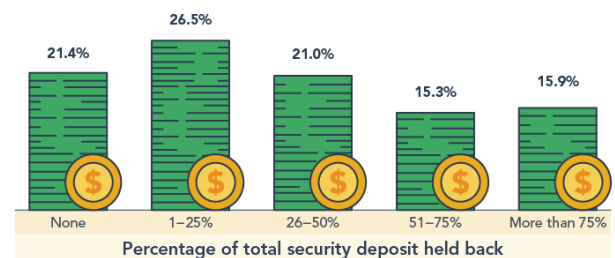
While taking a security deposit is not required by law in the United States, it is a very effective way for landlords to protect themselves if the terms of the lease are violated in any way—for example, if the unit incurs damage that needs to be paid for by the tenants. Of course, landlords can't just pocket a security deposit because they feel like it: There has to be a legitimate reason like utilities or rent left unpaid. On average, **the landlords surveyed held back 36.1 percent of the deposit they collected from tenants**, although the highest percentage of respondents ended up retaining between 1 and 20 percent of all deposits. Given the relative seriousness

## DEPOSITING DEPOSITS

How likely are you to get your security deposit back?



### Percentage of tenants' security deposits held back, according to landlords



## Renters and Landlords Cont.

of the infractions a tenant must commit to have their money withheld, a surprising number of landlords needed to do so most of the time: 15.3 percent kept renter deposits 51 to 75 percent of the deposit money they received, and another 15.9 percent did the same 75 percent of the time or more.

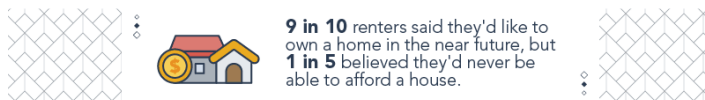
### The other side of the fence

In 2017, homeownership rates in the United States were lower than in 2006, with less than 40 percent of Americans younger than 35 owning their own home (compared to nearly 80 percent of people aged 65 and older who owned property). Nevertheless, our respondents remained optimistic, **with 9 in 10 renters saying they would like to own a home in the near future**. Not being able to afford a home—an issue experienced by 65.4 percent of respondents—was the most common reason renters still leased a home. In 2018, home

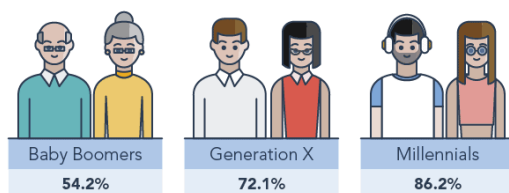
affordability prices dipped to their lowest point in 10 years, marking a particularly difficult period for Americans looking to phase out of the rental market. Another 46.7 percent weren't sure where they wanted to end up in the long term, and 30.4 didn't want to be tied down to a single place for too long. Just 2.3 percent said they hadn't even considered owning a home in the first place.

### Methodology and limitations

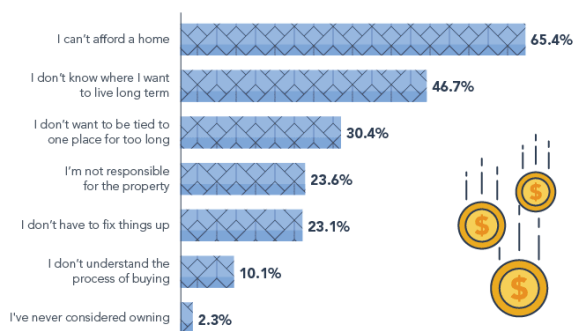
To find the data shown above, we surveyed 1,095 Americans over the age of 18 in an effort to understand their behaviors as they relate to the home. To take the survey, you either had to be a renter or a landlord. Of the 1,095 surveyed, 563 were renters, and 532 were landlords. 52.1 percent of respondents were male, 47.1 percent were female, and 0.8 percent selected another option. All security deposit questions were only asked to landlords who indicated they use security deposits for their tenants. Because this is a survey, it may be imperfect or subject to biases typical of any survey, including recency bias, telescoping, and self-reporting biases. We do not make a judgment on the veracity of bias claims, only to say that we do not have reason to believe they are unfairly influencing the study.



Percentage who said they thought they could afford a house in their lifetime



Top reasons renters still rent



*The bond between renters and landlords is harmonious in a perfect world, but often contentious in real life. The landlords surveyed were typically the ones to handle renters' repairs and also needed to contend with the likes of late rent, evictions, and damages. Notable "worst tenant" anecdotes included mountains of garbage left behind, backed-up plumbing, and biohazardous levels of hoarding. Whether you're a landlord or owner contending with frequent repairs or a renter who wants to get the job done yourself, Porch is the home improvement service you've been looking for. We can connect you to the perfect handyperson for the job, from tiling to security systems (and so, so much more). If something in your home needs a fix, Porch should be your first stop.*





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**0**

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## HURRICANE PREPAREDNESS



**MAKE A PLAN**



**BUILD A KIT**



**BE INFORMED**

*Source: [ready.gov/collection/hurricane-preparedness-graphics](https://ready.gov/collection/hurricane-preparedness-graphics)*

**B**usiness owners in hurricane-prone areas should take steps now to keep strong winds, heavy rains and storm surge from damaging or destroying buildings.

Hurricanes and tropical storms are among the most destructive natural hazards known to mankind.

In fact, most of the top 10 costliest natural disasters in the United States were hurricanes. Three of the costliest natural disasters occurred in 2017: hurricanes Harvey, Irma and Maria, which cost a combined \$278 billion in property losses.

For business and property owners living in a region that is prone to destructive hurricanes, there is no time like the present to start thinking about how to protect yourself, your employees, your property, and your business from the risk of hurricanes and tropical storms.

### **Building Design and Construction Matter**

It is possible to design a building to survive extreme weather conditions. Hurricane damage typically becomes a catastrophe when water penetrates the building envelope or undermines the building foundation. Preventing water intrusion is key. Consider Wind Zone II and III rated homes even if you are outside mandated Wind Zone II and III areas. Roofs in poor condition, flimsy windows and doors, and lightly constructed patio covers connected to buildings can quickly cause breaches that allow wind-driven rain into a building.

Once inside, water spreads through the building. A small penetration of a building's exterior can lead to a catastrophic loss.

Water and waterborne debris from flood, storm surge and stormwater runoff can enter and damage a building. Uncontrolled wave action can scour away soil under and around building foundations. Buildings can become inaccessible or unstable and may even collapse.

Hurricanes can also be accompanied by flooding, which can include storm surge, stormwater runoff and wave action.



## Hurricane Mitigation Means Preparing for the Inevitable Cont.

### Establish a plan now

If you have property in a hurricane-prone area, it's not a question of if a destructive storm will affect your business. It's a question of when. Now is the time to establish a plan to deal with the inevitable. Make sure the full team is in the loop: your team and your insurance provider.

The response plan should be reviewed and updated each year before hurricane season begins. The plan should address needed actions to be taken at the beginning of hurricane season and when a tropical storm or hurricane watch is issued.

### Before hurricane and storm season begins

- Verify equipment and supplies are on site, available and in good condition.
- Make agreements with critical vendors/contractors.
- Test emergency generators. When a hurricane strikes, the loss of normal electric power is expected. High winds often damage overhead power lines between power-generating stations and customers. Extended power outages are not uncommon, so a reliable source of emergency power will be required to maintain essential electric loads and support any needed clean-up or restoration efforts.
- Keep critical contact information for workers, utility companies, contractors, insurers, etc where it can be accessed whether the power is on or off
- Verify shutters and installation hardware are ready and staff is trained for installation.
- Verify all employees are properly credentialed (this will allow them to move through checkpoints to access facilities during the preparedness, response and recovery phases).
- Establish backup communication procedures for notifying staff and other business operations of evolving plans.
- Establish a plan to allow employees to return home early in the preparedness phase to secure their residence and family.
- Educate yourself about all the benefits you may receive from FEMA and local governmental authorities. Debris haul off is often one of the biggest benefits to community owners. Emergency housing vouchers are typically the biggest benefit to your residents.
- Warn all residents not to allow contractors to start work until a specific contract for services has been reviewed and signed, and preferably not until after your insurance company adjuster has provided estimates.

*The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor.*



Just about every property investor has their story of a nightmare tenant or a deal gone bad. The stories below are a few examples of what can go wrong when a thorough background check and due diligence are not properly executed.



## TOYS IN THE TOILET

### Toys in the Toilet

About 25 years ago, when I was a new landlord, I was working full-time. A tenant called me about six times within one year to send over a plumber to unclog her toilet. I thought the pipes were old and the building needed to be re-piped.

One day, the tenant called again with the same issue. I was off work that day, so I met the plumber at my rental. The plumber said the stoppages all this year were due to the tenant's son shoving toys into the toilet. I told the tenant that her rental agreement states that if the damages or repairs are due to the tenant, the tenant is responsible for the repair fee.

After that conversation with the tenant, I never received a plumbing issue call from her again. **This is a common issue, especially with landlords who work full-time** and are unable to keep up with their maintenance and repair logs. When this happened to me, I immediately created my own maintenance and repair log. In one of my classes, I now teach landlords how to use such a log.



**Shiral Torres**  
Owner of Simply Shiral  
Author of Rental Properties Made Simple  
[Read Shiral's Book](#)



## MOVE-OUT & BULLETS

### Move-Out & Bullets

In 2021, I had a tenant dealing drugs. Unfortunately, we had no witnesses who would testify for an eviction hearing. For months, we had run-ins on the property with his customers who were strung out and breaking into other apartments. The other residents were terrified as he'd carry his gun around at night and hang out in the parking lot.

The only option I had was to wait until his lease was up to give him a non-renewal notice. On his move-out day, I went by to change locks. As we unlocked the door, the guy came out yelling, cussing, and screaming, "What do you want from me?!" After calmly telling him he told me he'd be gone by that day, he told me, "Anyone coming through that door will be shot. Take me to court, MF!"

Two months, a new 9 MM with shooting lessons, and several thousand dollars later, the sheriff escorted them out. I thought to myself, "Why am I doing this again?"



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## Tenants From Hell – 7 True Stories to Learn From Cont.



### SUBLET TO SNEAKY SONS

#### Sublet to Sneaky Sons

I rented one of my first rental properties to a sweet older lady and things were great for about 6 months. Then, she decided to move out and sublet the home to her teenage sons (without my knowledge, of course). Her sons opened an illegal drug operation out of the home.

I did not know any of this until Rent-A-Center informed me that there was electronic rental equipment at the home that they couldn't get back for non-payment. I visited the home and to my surprise, the SBI (State Bureau of Investigation) had just raided the home and arrested everyone!

**From that point on, I ensured that all my properties had some sort of quarterly on-site inspections** - whether it be a drive-by visit, going inside to change the air filters, having my handyman go fix something, or an annual interior inspection. I always make sure I'm inside a few times per year.



**Jason Kogok**

Author of Plug the Holes, Fill the Barrel  
[Read Jason's Book](#)



### INHERITING A HOARDER TENANT

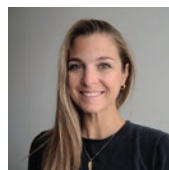
#### Inheriting a Hoarder Tenant

I inherited a tenant when I bought my first rental, a small house with a shed in the back. A hazmat suit wasn't a bad idea when walking through the house (perishable food left out, cigarette smoke, dirty laundry piled to the ceiling, etc.).

The tenant paid me for the first month but of course, that never continued afterwards. Luckily, she left on her own.

My favorite part, though, was exploring the shed for the first time hoping to find some extra paint. But no. Instead, I found a blow-up mattress, more dirty laundry, and a court summons addressed to someone I did not know.

I guess my tenant was harboring a fugitive or subleasing the shed. I didn't know if I was more shocked by how resourceful my tenant was or the fact that I had two tenants instead of one this whole time.



**Nikki Senopoulos**

Short-Term Rental Operator  
Author of Run the Numbers  
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## Tenants From Hell – 7 True Stories to Learn From Cont.



**MOVE-IN GOES WRONG**



**TRASHY TENANT**



**THE GHOSTS DID IT**

### Move-In Goes Wrong

I owned property in Chicago. A new tenant insisted he leave after work in Missouri and drive seven hours to take possession of my rental. He arrived at 2:00 am and the lockbox wouldn't open although my realtor had said it would.

I found out it was preprogrammed not to allow access before 10:00 am or after 5:00 pm. The new tenant was angry and called me in California screaming that he couldn't get in. Then he started unloading his furniture on the front lawn.

Two weeks later, the tenant killed himself in my property.

**Don't allow tenants to move in at odd hours** and make sure to have a plan in place for deaths on your property; it can happen unexpectedly.

### Trashy Tenant

We had a tenant who was on housing assistance. They left trash everywhere in the common areas of the property and made loud noises in their unit all night. They would cuss out their neighbors on a weekly basis and refused to change anything that they did, from the trash to the late-night gaming sessions that were loud enough to be heard by the tenants in the next building over.

We gave them multiple notices before assessing them a fee. Because of the fee, they came into the office and threw garbage everywhere and cussed out my assistant manager. After this incident, they were kicked out of their affordable housing program for not maintaining the home to the standard that was required to stay in the program.

**Don't be afraid to enforce your lease policies and fees when necessary.** They are in place for a reason!

### The Ghosts Did It

We'd had a few complaints of fighting and noise from the neighbors of a resident who lived alone. The police went several times, only to find the man there by himself with no noise going on.

When the office contacted him about the issue, he explained that his apartment was haunted. When he eventually moved out, we discovered that he had stabbed every surface of the apartment to try to eradicate the ghosts, including the ceiling, tub tile, and appliances.

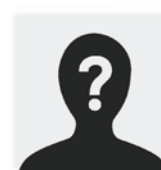
**There were thousands of dollars in damage** as everything had to be replaced. Having a clause in your lease that allows you to regularly inspect your rental properties can help you detect issues like these in advance before they get worse and prepare you for the aftermath.



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