



WEBSITE: [reiawaynecounty.org](http://reiawaynecounty.org)  
FACEBOOK: Wayne County REIA

Wayde Koehler, President  
313 819-0919

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Dearborn, MI 48128

## Monthly Meeting: First Tuesday of the Month

At: Leon's Family Dining 23830 Michigan Ave., Dearborn 313 563-3713  
(East of Telegraph on Michigan Ave) Dinner and Networking 5:30 PM

April 2, 2024

Dinner starts at 5:30

(food and beverages available for purchase)

Meeting starts at 5:30pm

Meeting ends at 8:00pm

Event is free for members or \$20 at the door for non-members

(now accepting debit/credit cards)



## TOPIC: How To Flip Houses (Not a get rich quick program)



**Speaker: Daryl Brooks**

**From Stellar Group Investments LLC**

Mr. Brooks is a prolific property investor who started his career as a carpenter. He has several businesses in the housing industry that he is able to access in service of his property investments. He has flipped both single family homes and multifamily as well. He currently utilizes multiple teams of trades and specialty workers to meet timelines resulting in over a million in annual sales.

Stellar Group Investments LLC

5156 Old Franklin Rd.

Grand Blanc, MI 48439

248 670-7076

[sgidaryl@gmail.com](mailto:sgidaryl@gmail.com)

## Speaker Background

Daryl Brooks, is a seasoned multi family real estate investor and syndicator. He started his venture in real estate at the age of 13, by helping his parents renovate and lease 23 single family homes. These homes were held for several years then sold on land contracts. At the age of 19, Daryl then joined the United States Navy where he served and earned his submarine qualification in record time, while stationed aboard USS Stonewall Jackson (634 Blue) a ballistic missile submarine. He finished his time in the Navy as a hospital corpsman at the Naval Hospital in Oakland, California. During his time there, he earned a Navy achievement medal, was sailor of the month, the quarter and runner-up for sailor of the year. Daryl was honorably discharged from the Navy and returned to Michigan where he started his career in building and remodeling. Over the next several years, he worked tirelessly building and renovating homes, condos, apartments and other commercial properties from 1,000 to 100,000 square feet. He eventually ended up at Auger Built Carpentry, the largest carpentry contractor in Michigan at the time. At Auger Built, Daryl successfully help build this company and manage

300 rough carpenters, 26 trim carpenters. While there we routinely completed over 4.5 to 7 million square feet of building and renovation work per year over a fifteen year period. His work included building homes, apartments, town-homes, banks, commercial build-outs, LIHTC {Low Income Housing Tax Credit} projects and numerous remodeling/renovations of largescale apartment projects. In 2012, Daryl made a decision to open his own carpentry company, Stellar Building and Construction, LLC. He employs 20+ full time carpenters and generates in excess of 1.45 million in top line sales. In 2019 Mr. Brooks became a Principal Owner of Value Add Partners, Inc. with his business partner Kevin Hackbart together we currently own and operate several multifamily properties in multiple states.

Daryl loves his family They are his why and he enjoys spending time with them. His family includes his wonderful wife of 38 years, Monica, his four adult children; Alexandra, Mallory, twin sons Blake and Mitchell and his three grandchildren. When he can he is camping, exploring new places, golfing and riding his road bike.



## *Next Meetings*

### **Directors Board:**

**Tuesday April 9, 2024 5:30pm**  
**at Antonio's 26356 Ford Rd. Dearborn Heights**

Next Monthly Meeting: Tuesday May 7, 2024 5:30pm

**Board of Trustees:** (left to right) Maria King VP, Elizabeth Walker Trustee, Jeremy Paul Treasurer, (back row) Wayde Kohler President, Jerry Kirschner trustee, (Missing from pic) Mike Sloan, Secretary



# *Happy Spring!*



## From the President's desk



Just had another water heater split. Thanks to Home Depot's \$ 20.00 water sensor the tenant found it leaking, called me. I had him shut off the gas and water, and I called the repair man. Another \$ 5,000.00 saved from ruined floors, plus work and anguish.

Just purchased a sink stopper that replaces the sink drain pop up. There about \$10.00 to \$15.00. You do have to remove the old pop up, but I love these. They trap the hair from going down the drain, pulls out in one second, clean and place back in. Since most tenants have pulled out the stopper, installing the new one is a charm.

Strategy for addressing silly tenant requests. At 9:30 last night a tenant texted me the following:

**Tenant:** I think I have a Racoon in the garage, can you call someone to remove it

**Me:** How do you know you have a racoon?

**Tenant:** I saw him up on the joists.

**Me:** I set back a several line texts on what we will do. And not to lock the Racoon inside the garage or they will chew/rip their way out.

**Tenants:** I think I might have left the garage door open a little, and that's how he got in!

**Me:** You can sit and watch until he leaves and lock him out, or I can contact the pest guy, he will call you, and you can pay him for the service.

**Tenant:** Give the pest guy my number.

**Me:** Will do!

*Wayde Koehler*

Wayne REIA President



## What Is The 70% Rule In House Flipping?

Rocket Homes Blog: APR 11, 2023

Erin Gobler

The 70% rule in house flipping recommends that real estate investors only pay up to 70% of a house's after-repair value (ARV) to make a profit from flipping the property. To get the maximum sale price of a potential flip, subtract the total repair costs from its after-repair value.

This rule, which is widely used in the real estate industry among those who flip homes, helps investors identify which projects are really worth their time and effort. After all, anything above and beyond 70% further cuts into your profit margin.

# How To Calculate The 70% Rule In A Real Estate Transaction: An Example

Rocket Homes Blog: APR 11, 2023

Erin Gobler



The 70% rule can be an excellent guideline to ensure you take on only those flipping projects that will be worth it financially. Here's how to run the numbers:

## 1. Find A Flippable Property

The first step in calculating the 70% rule is finding a property you're interested in. A flippable property is one that is distressed or needs a lot of renovations but that you could significantly increase the value of with the right repairs.

When making this type of real estate investment, it's important to remember the goal is to fix up the home and sell it for a large profit. If the home can't be salvaged or, on the other hand, doesn't actually need that much work, it may not be the right choice for a flip.

## 2. Estimate Renovation Costs

The next step – and perhaps the most important step – of calculating the 70% rule is estimating your renovation costs. Your costs might include:

- Home buying fees
- Payments on loans for flipping houses, plus interest
- Closing costs
- Cost of labor and materials
- Costs of selling a house

Unfortunately, this step isn't a perfect science. It's often the case that you don't know with certainty how much your renovations will cost. The best you can do is make a good estimate.

## 3. Determine After-Repair Value

Once you've planned out what repairs you'll make to the home, you can calculate its after-repair value (ARV). You can calculate the ARV of the home by adding the original purchase price and the value added from the renovations.

There's no easy formula to help you determine the ARV. It depends largely on where you live. You can often determine an ARV by looking at comparable properties in the area (aka comps) and comparing their condition, size, number of rooms, locations and other factors.

If you don't feel confident determining the ARV of a home yourself, consider enlisting the help of a real estate agent who can look at the comps and help you settle on a value.

Of course, the housing market can change rapidly. Depending on how long it takes you to renovate the home, the ARV might be different when you finish the project from when you

started it. However, having a good estimate upfront is important to see if the property meets the 70% rule.

#### 4. Plug Into The Formula

Once you know the cost of the property, the cost of the renovations, and the estimated ARV, you can run the numbers to see if it falls within the 70% rule.

Here's what that formula looks like:

$(\text{After Repair Value} \times 0.7) - \text{Estimated Repair Costs} = \text{Maximum Purchase Price}$

Let's use an example to make the formula a bit easier to understand. Let's say you're considering buying a property to flip. You know you could sell the home for an ARV of about \$400,000. However, you also know it needs about \$75,000 of work to bring it there.

First, you would calculate 70% of the ARV of \$400,000, which comes to \$280,000. Next, you would subtract the estimated repair costs of \$75,000, which comes to \$205,000. Based on the 70% calculation, \$205,000 is the most you could pay for the home and still meet the 70% rule. If you could purchase the property for \$205,000 and stick to the estimated repair costs, you would profit about \$120,000.

### How Accurate Is The 70% Rule In Real Estate?

While the 70% rule is a great place to start when estimating what you should pay for a property, you should also remember that it's just a tool, not a guarantee of profit.

Any number of factors can affect a real estate purchase. First, it's possible your estimated repair costs won't be what you thought they would be. When running the 70% calculation, it's best to pad your repair costs to leave room for unforeseen costs.

Next, you can't know for certain what the real estate market will look like when it's time to sell the home. The market could suddenly cool down in response to an economic shock, like a sudden interest rate spike. Suddenly you aren't able to sell the home for what you originally thought you could.

Before you make any real estate investment, you should be clear on all the different ways costs can vary and prepare to work those surprises into your budget. And while there's an element of risk in all investments, learning all you can about [how to invest in real estate](#) can help you avoid some common pitfalls.

### Tips To Keep In Mind When Using The 70% Rule For House Flipping

This article makes it sound like a simple process to determine whether to invest in a particular flip project. But there's actually a lot that goes into it. Here are some things to

keep in mind when using the 70% rule for house flipping.

- Overestimate your costs: As we mentioned, repair costs can easily exceed your estimates. After all, you won't know the full extent of the repairs needed until you get started.
- Understand the current market: Understanding current real estate trends is a critical part of flipping homes. You must know what buyers are looking for in homes today, as well as how much certain repairs are likely to increase the home's value.
- Use a comparative market analysis: Estimating a home's ARV can be a complex process and depends largely on where you live. When estimating your ARV, run a comparative market analysis (CMA) that uses comparable homes in the area.
- Don't over-reno-vate: The goal of flipping a home is to maximize your profits. It's possible to put too much money into the home and make too many repairs to the point where you no longer get as big of a return. While it's a difficult estimation to make, try to find the amount of repairs that gives you the highest profit margin.

Get approved: Unless you have an established real estate business with a large amount of capital, you'll probably have to finance your flip projects. It's best to apply for mortgage approval early so you know how much you'll be approved for and at what interest rate.

#### BOARD MEMBERS INFORMATION

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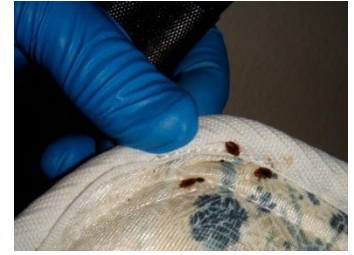
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*Jeffrey Taylor*

[Founder@MrLandlord.com](mailto:Founder@MrLandlord.com)

## BED BUGS - A GUIDE FOR RENTAL HOUSING

Bed bugs, with a typical lifespan of 6 to 12 months, are wingless, flat, broadly oval shaped insects. Capable of reaching the size of an apple seed at full growth, bed bugs are distinguishable by their reddish-brown color, although after feeding on the blood of humans and warm-blooded animals – their sole food source - the bugs assume a distinctly blood red hue until digestion is complete. Bed bugs don't discriminate



Bed bugs increased presence across the United States in recent decades can be attributed largely to a surge in international travel and trade. It is no surprise then that bed bugs have been found time and time again to have taken up residence in some of the fanciest hotels and apartment buildings in some of the nation's most expensive neighborhoods. Nonetheless, false claims that associate bed bug presence with poor hygiene and uncleanness have caused rental-housing residents out of shame, to avoid notifying owners of their presence. This serves only to enable the spread of bed bugs. While bed bugs are, by their nature, more attracted to clutter, they're certainly not discouraged by cleanliness. Bottom line: bed bugs know no social and economic bounds: claims to the contrary are false.

Bed bugs don't transmit disease There exists no scientific evidence that bed bugs carry disease. In fact, federal agencies tasked with addressing pest of public health concern, namely the U.S. Environmental Protection Agency and the Centers for Disease Control and Prevention, have refused to elevate bed bugs to the threat level posed by the disease carrying pests. Again, claims associating bed bugs with disease are false.

### Identifying bed bugs

Bed bugs can often be found in, around and between:

- Bedding
- Bed frames
- Mattress seams
- Upholstered furniture, especially under cushions and along seams
- Around, behind and under wood furniture, especially along areas where drawers slide
- Curtains and draperies
- Along window and door frames
- Ceiling and wall junctions
- Crown molding
- Behind and around wall hangings and loose wallpaper
- Between carpeting and walls (carpet can be pulled away from the wall and tack strip)
- Cracks and crevices in walls and floors
- Inside electronic devices, such as smoke and carbon monoxide detectors



Because bed bugs leave some persons with itchy welts strikingly similar those caused by fleas and mosquitoes, the origination of such markings often go misdiagnosed. However, welts caused by bed bugs often times appear in succession and on exposed areas of skin, such as the face, neck and arms. In some cases, an individual may not experience any visible reaction resulting from direct contact with bed bugs.

While bed bugs typically prefer to act at night, they often do not succeed in returning to their hiding spots without leaving presence through fecal markings of a red to dark brown color, visible on or near beds. Bloodstains also tend to appear when the bugs have been squashed, usually by an unsuspecting host in their sleep. And, because they shed, it's not uncommon for the skin casts to be left behind in areas typically frequented by bed bugs.

Preventing bed bug encounters when traveling Because humans serve as bed bugs' main mode of transportation, it is extremely important to be mindful of bed bugs when away from home. Experts

agree that the spread of bed bugs across all regions of the United States is largely attributed to an increase in international travel and trade. Travelers are therefore encouraged to take a few minutes upon arriving to their temporary destination to thoroughly inspect their accommodations, so as to ensure that any uninvited guests are detected before the decision is made to unpack. Because bed bugs can easily travel from one room to another, it is also recommended that travelers thoroughly inspect their luggage and belongings for bed bugs before departing for home.

### Bed bug do's and don'ts

- Do not bring used furniture from unknown sources into your dwelling. Countless bed bug infestations have stemmed directly from the introduction into a resident's unit of secondhand and abandoned furniture. Unless the determination can be made with absolute certainty that a piece of second-hand furniture is bed bug free, residents should assume that the reason a seemingly nice looking leather couch, for example, is sitting curbside, waiting to be hauled off to the landfill, may very well be due the fact that it's teeming with bed bugs.
- Do address bed bug sightings immediately. Rental housing residents who suspect the presence of bed bugs in their unit must immediately notify the owner.
- Do not attempt to treat bed bug infestations. Under no circumstances should you attempt to eradicate bed bugs. Health hazards associated with the misapplication of traditional and non-traditional, chemical based insecticides and pesticides poses too great a risk to you and your neighbors.
- Do comply with eradication protocol. If the determination is made that your unit is indeed playing host to bed bugs, you must comply with the bed bug eradication protocol set forth by both the owner and their designated pest management company.

### R.E.I.A.-Membership-Benefits

- Socializing, Networking, Networking & Networking
  - Strong focus on Landlord needs including specific rehab and rental presentations
  - Monthly Newsletter and Guest Speakers
  - Opportunities to personally meet and talk with local business owners/contractors
  - Free 3 month subscription to Mr. Landlord newsletter.
- Investors can build a rehab and investment team through referrals from other investors
- Contractors get a great source on which to build long term repeat customer business
- Access to Court-Approved forms
  - Liaisons with Local and State Government through RPOA
  - Discounts with Sherwin Williams Paint, & Office Max and strategies to maximize saving at several big box chains

### Please Become a Member Today

100% of your membership fee goes to operating the organization. Our board is all voluntary and there is no payment of any king going to leadership. All fees are used to offset costs of speakers, cost of hosting and maintaining website, insurance, picnic and holiday events and along with other REIA's in the state we help support a Lobbyist in Lansing that advocates for landlords and property investor interests. (These are just some examples of how your membership fee helps maintain this association.)

JACOB AARON KAHN  
ATTORNEY AND COUNSELOR AT LAW

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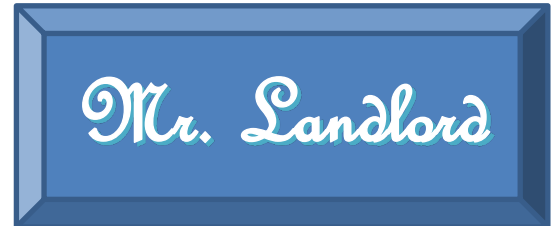




## Rental Owner Updates - March 28, 2024

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### THIS WEEK'S UPDATE SPONSOR - [DEBT REPORTING SERVICE](#)

Did a deadbeat resident somehow get past your screening? Did they end up leaving owing you money? If so, don't just give up on the chances of ever getting paid. Hold them accountable even after they move.

You should at least report their debt to the major credit bureaus. That mark on the debtors credit report remains visible for other owners to see. And there is the chance that once the debt is put on the tenant's credit report, they may still pay you months or years later. I have personally had residents get back with me one, two, three years or more later wanting to pay off the debt because they were now ready to buy a house, but could not do so until the debt was clear. The debt reporting service allows you to report a former resident's debt to the major credit bureaus for just \$12.95.

You can sign up to use this service by creating a free account. Then whenever you wish to report a resident to the credit bureaus for one low fee, you will be able to do so online 24 hours a day, 7 days a week. If you want more info on the [debt reporting and collection services, click here](#).

### DANGEROUS DOG BREEDS

When landlords decide that they will allow pets, sooner or later the question comes up: "What breeds of dogs should we not accept due to being a danger to the public?"

Several landlords responded to that question this week on our forum. A couple of landlords shared the breeds their insurance company prohibits. One landlord posted which breed of dog, according to statistics is considered the most dangerous, accounting for almost 70% of all fatalities. Another landlord actually shared his complete criteria for selecting dogs, even what applicants must include with their filled-out application, if they have a support animal.

To see the sample insurance list of prohibited dog breeds and all the other information you may find helpful, [especially if you allow dogs, click here](#).

**Caution:** It should be noted that you may not be able to turn applicants down with emotional support animals

simply because they are on a list of prohibited "dangerous breeds" from an insurance company. Some landlords and insurance companies have been involved in litigation for turning down legitimate emotional support animals who happen to be on the list of prohibited breeds.

As one landlord noted: People with pit bull ESAs/service animals have a special exemption for any landlord or insurance verbiage denying their type of dog. The good news is, you can still screen the person and the animal normally. If the specific animal itself has a history of attacking/biting, you can deny THAT specific animal, even though the breed itself is permitted.

***Stay in control and always make the most of the assets God gives you!***

**Jeffrey Taylor**

[Founder@MrLandlord.com](mailto:Founder@MrLandlord.com)



## **Around Town With Real Estate Investor Groups**

(Call group to confirm meeting dates before attending as they are subject to change.)

- **REIA of Wayne County**

Meets 1<sup>st</sup> Tuesday of the month at  
Leons Family Dining 23830 Michigan Ave., Dearborn  
Meeting starts with networking at 5:30pm  
Meeting starts at 6:00 pm and ends at 8:00pm  
Call Wayne Koehler at 313 819-0919 for details

- **Oakland REIA**

Meets 2<sup>nd</sup> Thursday of the month at  
Troy Community Center in meeting room.  
Networking at 6:00pm Meeting 7-9pm  
Call Brian Sullivan at 248 327-0588 for details

- **Netro Detroit Investors Meet-Up**

Meets 4<sup>th</sup> Thursday of the month at  
McVee's Pub & Grub 1129 Long Lake Rd., Troy  
6:30-9:00pm

- **Pontiac Landlord Group**

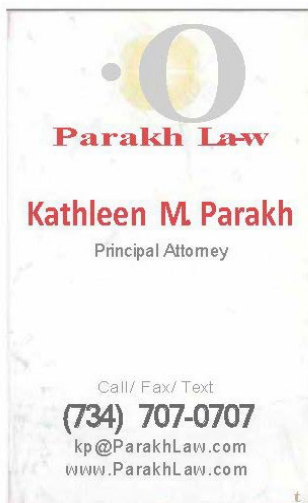
Meets 1<sup>st</sup> Thursday of the month at  
Fino's 450 Perry St., Pontiac  
Starts at 6:00 for dinner and meeting follows  
Call Ken Moses 248 672-9699 for details

- **Monroe County Landlord Association**

Meets 4<sup>th</sup> Thursday at  
Quatro's on Telegraph Rd. Meeting starts at 6:00pm.  
Call Debbie Peters at 734 457-5086 for details

- **Jackson Area Landlord Association**

Meets 4<sup>th</sup> Monday of the month at  
The Napoleon Café, 6816 W. Brooklyn Rd.  
Jackson Dinner @ 5:30 and speaker at 6:30pm





## **Contractors:**

(Note: REIA of Wayne does not support or make any recommendations regarding contractors. It is up to you to do your due diligence when hiring any contractor. This is for information purposes only.)

### **Heating and Cooling:**

Pollard Heating and Cooling...313 551-4011  
Main Heating and Cooling.....248 650-8511  
Mega Rooter H & C.....313 254-3529  
Expert Heating and Cooling...734 672-1818

### **Plumbing**

Waterwork Plumbing.....248 542-8022  
Bennies Plumbing.....313 388-5561  
Shaws Plumbing.....313 285-4361

### **Locksmith**

American Lock & Key.....734 281-1454

### **Appliance Repair**

Keith Devoy  
Appliance Repair.....313 689-2446

### **Tree Trimming/Removal**

Paul Harris-Tree Trimming.....734 775-6974  
Jaun's Tree Service.....301 804-7504

### **Roofing**

Jeff Williams Roofing.....734 341-3843  
Kanga-Roof.....566 255-0308

### **Tub Reglaze**

Surface Solutions.....734 455-0200  
TNT Refinishing.....810 358-0744  
Michigan Tub Refinishing.....313 304-9639

### **Pest Control Service**

Stop Pest Control.....313 914-2981

### **Construction/Remodeling**

Ideal Home Improvement.....734 624-3454  
Ishtar Construction.....313 720-3556

### **Painting**

Diamond Painting.....248 935-4514  
Dante's Painting (Edmond).....586 610-1812  
Sergio Guerrero.....313 282-9119  
Edgar Plass.....313 926-3814  
Ishtar Construct & painting...313 720-3556

### **Handyman**

American Skilled Svc.....313 264-9579  
Handyman Service Plus.....313 242-7372

### **Concrete**

J Nelson Concrete.....313 212-3927

### **Lawn Service**

J & A Lawn Svc (Jason).....727 906-7958  
Classic Cuts (Liz).....313 989-8713

### **Electrician**

King Billy's LLC.....313 333-6467  
Haddix Electric Co.....313 386-7299



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