



THE MARKETS

DOW JONES	↓	21.73 13,971.24
NASDAQ	↓	1.87 3,192.00
S&P 500	↓	0.92 1,517.01
OIL	↑	\$97.01 a barrel +\$1.29

THE STOCKS

Stock	Close	Change
Abbott Labs	34.26	-0.15
AbbVie	35.85	-0.40
AGL Resources	40.28	-0.07
Allstate	45.25	+0.11
Apple	479.93	+4.95
AptarGroup	52.43	-0.08
AT&T	35.23	-0.04
Bank of Montreal	62.57	-0.23
Baxter	68.73	-0.27
CME Group	56.93	-0.34
Coca-Cola	38.61	-0.16
Comcast	38.64	-0.11
Covidien	63.33	+0.05
Dean Foods	18.35	-0.47
Dow Chemical	32.48	+0.06
Exelon	31.42	+0.34
Exxon	88.28	-0.33
Facebook	28.26	-0.28
Ford	13.11	+0.01
General Motors	28.53	-0.04
Google	782.42	-2.95
Hillshire	32.21	-0.05
IBM	200.16	-1.52
JPMorganChase	48.66	+0.03
Kohl's	46.11	+0.10
Kraft Foods Group	47.29	+0.39
Live Nation	10.54	+0.06
McDonald's	95.16	+0.29
Microsoft	27.86	+0.31
Modine	9.16	+0.17
Moto Solutions	60.90	+0.60
OfficeMax	10.71	+0.04
Pepsi	72.36	-0.24
Pulte Homes	19.30	-0.17
Safeway	20.27	+0.07
Sears Holdings	47.97	+0.55
Snap-On	78.39	-0.75
Southwest Air.	11.65	+0.01
Supervalu	3.90	+0.03
Target	62.67	+0.18
United Contint.	26.51	+0.20
Wal-Mart	71.40	-0.08
Walgreen	41.48	+0.08
Waste Mgmt.	36.31	+0.01
Wintrust Fincl.	37.04	-0.21

COMMODITIES

Metal	Close	Change
Gold	1650.20	-16.70
Silver	31.01	-0.431
Copper	3.726	-0.0335

Grain (cents per bushel)	Close	Change
Corn	703.50	-5.50
Soybeans	1431.50	-21.00
Oats	381.00	-4.75
Wheat	741.50	-14.75

Livestock	Close	Change
Live cattle	130.30	+0.175
Feeder cattle	144.70	-0.30
Lean hogs	86.475	+0.35

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Many homeowners have purchased a second home and rented out their first property. Although the housing market is showing signs of recovery, demand for rental housing is expected to remain strong.

Becoming a landlord

Tips on buying, renting a home for extra income

By **ALEX VEIGA**
 AP Business Writer

Low mortgage rates have made buying a home more affordable and turned rentals into an attractive option for investors.

Throughout the downturn in the housing market, average investors, sometimes pooling their money, have bought foreclosures at a sharp discount and turned them into rentals. Many homeowners also have purchased a second home and rented out their first property.

Although the housing market is showing signs of recovery, demand for rental housing is expected to remain strong. The national unemployment rate remains high at 7.9 percent, banks are still working through a backlog of foreclosures and tight lending requirements prevent many renters from becoming homeowners.

And the Fed has said it will keep its short-term interest rate, the federal funds rate, at a record low until U.S. unemployment falls below 6.5 percent, something many economists don't expect to happen until late 2015 at the earliest.

"In this market, at this point, it's a sweet spot," says Chris Princis, a senior executive at financial advisory firm Brook-Hollow Financial and owner of two rental properties in Chicago. "You're getting the market where it's just starting to rebound, but still at the bottom, with what's looking to be a great recovery."

Here are six tips on becoming a landlord or investor in rental property:

1. UNDERSTAND WHAT IT MEANS TO BE A LANDLORD

Residential real estate generally provides three possible ways to get a return on your investment: when it's sold, assuming it has grown in value, by collecting rent and through tax

Owning and renting

OWN AND RENT: Low mortgage rates have made buying a home more affordable and turned rentals into an attractive option for investors. Many homeowners also have purchased a second home and rented out their first property.

RENTAL DEMAND: Although the housing market is showing signs of recovery, demand for rental housing is expected to remain strong, while many economists anticipate that rental rates will increase this year.

CRITICAL TIP: Experts say would-be landlords who elect to keep a property for the long-term investment potential must ensure that the rental income covers the cost of their mortgage and monthly maintenance costs.

savings, such as the mortgage interest deduction.

So, if you elect to buy a property for the long-term investment potential, the goal should be to ensure that the rental income covers the cost of your mortgage and monthly maintenance costs.

If you buy a foreclosed home, you'll have to factor in the cost of repairs to ready the home for rent. And if you have a mortgage on the property, you'll need to be prepared to cover the costs for however long it takes to find a tenant.

"Real estate is a great investment if people are paying their rent," says Princis. "If they're not paying their rent, it's a horrible investment."

2. BUY IN AN AREA WITH A HISTORY OF STRONG RENTAL DEMAND

Neighborhoods near universities are a good option. For homes in residential areas, proximity to schools can be a good draw for families.

Condominiums and similar prop-

erties in communities with a homeowners' association can be a great option because the association arranges for upkeep on the property.

But check the fine print on your mortgage and homeowners' association rules to make sure turning your property into a rental isn't forbidden.

If you're going to buy a foreclosure, be prepared to compete with other investors, many of them paying in cash. And because many require upgrades and repairs, expect that it will take longer until you'll be generating rental income.

Websites like Zillow.com and Trulia.com list foreclosures, as well as rentals in a given area.

Foreclosure tracker RealtyTrac Inc. recently ranked U.S. metro areas, with a population of 500,000 or more, according to the supply of available foreclosures for sale and their discount versus other homes, among other criteria. Among the top 20 cities deemed the best places to buy: Miami, Chicago, Philadelphia, El Paso, Texas; and Poughkeepsie, N.Y.

Claire Thomas, a retiree in Phoenix who owns 10 rental condos in Las Vegas, says that landlords looking to keep their properties as income-generating rentals for many years should look into areas that are not too expensive.

"I would rather have a middle-of-the-road rental that stays rented than a higher-end (property)," she says.

3. CONSIDER A USING A MANAGEMENT FIRM

Determine whether you want to select the tenant and handle property issues or hire a company to do it. If you take on the responsibility, you are obliged to fix any problems (leaky faucets, broken furnace, etc.) or find professionals to do it.

See **LANDLORD**, page B5

Lease option at Schwab Property Solutions

By **CHRIS CASHMAN**
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RICHMOND – Schwab Property Solutions of Richmond specializes in helping McHenry County homeowners find solutions to combat rising mortgage payments and losing their homes.

Using hybrid techniques of renting and selling, owner Brandon Schwab said SPS helps homeowners facing hardships by lease optioning homes quickly for top prices.

"The housing crisis has fallen upon our entire country and the families affected are left bewildered on what to do next" Schwab said. "We help people in our community that have nowhere else to turn."

Founded in 2008, Schwab said SPS is able to convert homes with underwater mortgages into rental homes with an option to purchase.

"Our company gives an awesome solution for banks, but buyers and sellers, as well.

Our company works with many different types of deals."

For a homeowner owing more on a home than it's worth, a lease option may be a solution. "Rent to own is a great avenue for people who may be under water but they just want to sell the home for what they owe on it," Schwab said. "It's a 10-year option which gives the buyer time and plenty of opportunity for appreciation of the home to come back, which is good for both the seller, the buyer, also the bank because the bank doesn't have to have the property come back to them."

A rent credit goes toward the future purchase price of the home. If the tenant/buyer does not exercise his option to buy the home, all the rent credit proceeds go back to the seller. SPS uses a third party escrow company to make sure the monthly payments are used to pay for mortgage, taxes and insurance.

Prospective tenant/buyers are screened. "I cannot ethically put a person in a home that I know he can't afford," Schwab said.

Tenant/buyers are responsible for all the maintenance and upkeep of the home. "Tenant/buyers have an ownership mentality instead of a typical renter mentality," he said.

"Some have bad credit, but they're not bad people," Schwab added.

Schwab said he has more tenant/buyers than he has inventory. "The need for quality inventory is through the roof right now," he said.

Schwab said the company works with Realtors, especially on houses that are "tough sells" or must sell fast. "Realtors are also used in the selling process when an affordable purchase price makes it possible, we do use agents.

"We help protect sellers with a in-demand hybrid option that helps another family in need," Schwab said. "I view rent to own as a stepping stone back into homeownership."

For more information about Schwab Property Solutions, call 224-333-6266, or visit www.schwabpropertysolutions.com.

► BUSINESS ROUNDUP

Adams Auto partners with NAPA AutoCare

McHENRY – Since opening its mechanical division in the fall, the expanded Adams Auto Body and Service Center has achieved another distinction – becoming a NAPA AutoCare center.

Adams is now one of about 14,000 NAPA AutoCare centers nationwide to have earned the invitation-only designation, said Russ Ozminski, NAPA regional vice president.

"What it tells customers is that the business owner cares enough by using quality parts, and through the training and quality of his technicians ... for him to qualify to be part of the NAPA AutoCare and Collision Center Program," Ozminski said.

Adams General Manager Rick Corso said he is excited about the new partnership, which links the nationally recognizable NAPA name – not to mention its exceptional warranty – with the locally highly regarded Adams name. Certain discounts also come with the partnership, which spells savings for consumers.

NAPA offers a 24-month, 24,000-mile nationwide warranty, meaning that if a problem ever should arise, customers will find a hassle-free fix no matter where in the country they might be.

"That's a very nice plus," said Jay Adams, owner of Adams Auto Body and Service Center.

Adams Auto Body, which has been in business since 1958, is located at 1811 W. Route 120, McHenry. For more information, call 815-385-4640, or visit www.adamsautobody.com.

Grand Oaks Child Care now enrolling toddlers

CRYSTAL LAKE – Crystal Lake Park District Grand Oaks Child Care, 401 W. Route 176, Crystal Lake, has received final approval from the Department of Children and Family Services to immediately enroll toddlers as young as 15 months. The new toddler room, serving children ages 15 months to 2 years, is now open.

Open enrollment for Grand Oaks Child Care will continue throughout the year as space permits.

For more information, call Sam Thompson at 815-459-0680, ext. 220, or email sthompson@crystallakeparks.org.

Women's Bar Assn. to honor judges March 6

CHICAGO – The Women's Bar Association of Illinois will host its 99th annual Judicial Reception from 5 to 7 p.m. March 6 at Hotel Allegro, Chicago.

The WBAI will present the WBAI's Mary Heftel Hooton Award to Judge Susan E. Cox of the U.S. District Court, Northern District of Illinois, and Justice Jesse Reyes of the Illinois Appellate Court, First District.

Each year, the WBAI recognizes a select number of distinguished jurists who share in the WBAI's commitment to promoting the success of women attorneys and advocacy for women's interests.

Tickets for the event are \$90 for WBAI members and \$100 for nonmembers. Judges' tickets are complimentary. For more information, call 312-341-8530 or visit www.wbailinois.org.

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