Residential Resource

The Newsletter of the National Association of Residential Property Managers September/October 2002

HIGHLIGHTS of this Issue!

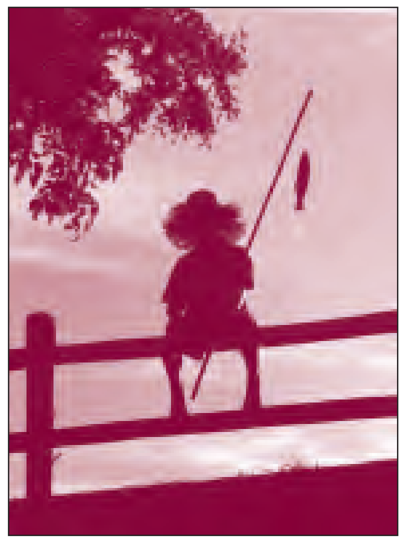
NARPM®

The Mission of NARPM is to increase the professionalism and ethics of residential property managers.

Stress! What's a Body and Mind to Do?

By Peter G. Vajda, PhD, 2002 Atlanta Convention Speaker

Stress, anxiety, tension — whatever you call it — appears throughout Western society. Stress-related problems cost American businesses close to $200 billion through absenteeism, accidents, and turnover. Today stress is an epidemic.



Stress causes real physical and psychological problems. Emotions associated with stress impact on your feeling state and your body. Stress hormones cause long-term changes including heart disease, immune disorders, mood disturbances, depression, headaches, fatigue, and memory loss. Stress drives excessive eating, drinking, smoking, overexercising, overworking, and can cause job loss and failed relationships.

The very thought of stress evokes tension in the body. Notice what you are presently experiencing in your own body, emotions, and mind. Are you aware of any discomfort, anxiety, or fear?

Simply stated, a stressed body produces unhappy cells, and a relaxed body produces happy cells.

What's interesting is there are folks who have programmed themselves to live with stress and its harmful effects — unaware of their capacity to alter their relationship to stressors. Our experience shows some people view stress as something that happens "to you," that one is powerless over stress, and that there is no "cure" for feeling helpless and powerless. With this perspective people are a helpless "victim of stress." Trapped in negative and limiting beliefs and thoughts about their worlds, they are bound in the web of stressed-based feelings of fear, worry, guilt, insecurity, sadness, anger, and anxiety.

There is a way out. We believe that stress is never caused by an outside stimulant. Rather stress is either "healthy" or "debilitating" dependent on how one responds, mentally, physically or emotionally to an event. Shakespeare said it well: "An event is neither good or bad; only thinking makes it so."

Each of us has the ability to affect how we respond to events and situations. Thus, we can choose how we deal with stress — using it as a guide to growth and well-being, or succumbing to and being overwhelmed by it.

At *SpiritHeart at Work, the Experts in Well BE-ing*, we believe everyone can choose wellness. The only requirement is one be willing to take responsibility for choosing how to live their life. If you choose to live a healthy, harmonious, and balanced life with a heightened sense of well-being, the following suggestions for alleviating stress can support you.

First, it's important to understand that the body and mind are inextricably linked. It is in a state of harmony and well-being that the body/mind produces high-grade energies such as love, joy, and serenity that lead to health and happiness. For just as negative energies produce toxic secretions within the

continued on page 20

President 2002

NARPM President
Michael Mengden

This month's *Residential Resource* is probably the best issue I have ever read. It is loaded with many articles pertinent to your property management business as well as your personal health and growth. It is also a precursor to the type of classes and workshops awaiting you when you attend the Convention this month in Atlanta, Georgia.

Most of us will never forget the events of last September. They will be forever etched into our very souls. One of the events dramatically changed was the Convention last year in Kansas City. Being scheduled the week after September 11, your Board of Directors, under the leadership of President Melissa Prandi, MPM®, was in constant contact during that week trying to find a way to continue with the convention without "letting the bad guys win" by changing all our plans. However, due to the closing of all the airports, the uncertainty of exactly what happened and what could happen, your board decided to postpone the event until things evened out a bit. When the scheduling went to the end of November, the Convention Committee made the changes necessary to provide a great Convention experience for all attendees, including excellent education opportunities, many networking opportunities, many times for laughter and especially times for venting, tears, and patriotism. As a result, in my opinion, this was one of the best Convention events I had ever attended.

I expect to make the same statement about this year's Convention. Your Convention Committee under the leadership of Convention Chair Andrea Caldwell, MPM®, has gone to great lengths to enhance the Convention experience for those of you who have attended Conventions in the past and for those of you attending for the first time. The variety of networking opportunities, speakers, workshops, and off-site events are unparalleled. For those of you not yet signed up, there is still time. For those of you signed up, I can't wait to see you.

As I asked you earlier this year, besides your one-hour a month for NARPM, do something for yourself and attend the Convention, where together we can all Make a Difference in NARPM and our professional lives.

Michael Mengden, MPM®
2002 National President

NARPM HEADQUARTERS
P.O. Box 140647
Austin, TX 78754-0647
Exec. Director: Roy Bohrer
Exec. Assistant: Sherri Beck CPS

Tel: 800/782-3452
512/381-6091
Fax: 512/454-3036
E-mail: info@narpm.org
Internet: www.narpm.org

“Do You Hear What I Hear?” Some Thoughts on Linguistic Profiling

By Nadeen Green, 2002 Atlanta Convention Speaker

It has been said that more people have been hurt by words than by guns. This anonymous aphorism makes the point that what is said about someone can be damaging and harmful. But some studies, and now some pending fair housing cases, are indicating that it is not just what is said about someone, but what they themselves say and how they say it that can be a source of harm in the form of housing discrimination.

When you speak to someone on the telephone, you racially profile him or her. (Oh yes, you do, and odds are you are probably quite good at it!) Actually, you racially profile people all of the time. When you see someone, you note whether he or she is white or black, Asian or Hispanic, perhaps Native American or Pacific Islander. The race of the person may not matter at all to you, but you are aware of it, just as when you hear someone call in to a radio talk show, or perhaps learn someone’s name. And racial profiling alone is not unlawful, evil, or even rude (remember that at any given moment someone is racially profiling you!) Racial profiling only becomes an issue when the awareness or acknowledgement of someone’s race has an effect on how that person is treated in the housing arena.

Linguistic profiling is a form of racial profiling that is based not on how the person looks, but rather how they sound...their voices, their pronunciation, and their grammar. A February 2002 ABC News program calls this the “Color of Voice.” Making housing decisions based on someone’s color of voice can get you into the same fair housing trouble as making housing decisions based on someone’s skin color.

There has not yet been a determining case that concludes that linguistic profiling was in fact the basis for housing discrimination, but cases have been allowed to go forward on that premise. Research has suggested that people are able to correctly identify with about 80% accuracy the race of a person from hearing them say “hello” or hearing them count from one to 20.

There are fair housing cases in abundance where housing was denied once a landlord met or saw the prospect and didn’t want to rent to that person because of race or color. Now it will be interesting to follow some of the linguistic profiling cases and see if it will be shown that an apartment was not offered or rented because the landlord did not want to rent to that person because of race or color that was not “seen” but rather was “heard.”

Another adage is “forewarned is forearmed,” so now that you know about linguistic profiling, how do you manage this in your leasing office, and what can you do to minimize the chance that you might be accused of housing discrimination based on how your prospects may sound?

In a perfect world (and we certainly don’t mean the apartment industry here) all your leasing agents would have standard greetings and information to share with telephone prospects. And it would certainly be wise to work with the leasing staff to teach them some basics for when they pick up the telephone and welcome people to your community.

Likewise, keeping apartment availability logs (with apartments being logged in and out by date and time) as well as telephone logs (tracking inquiries by date and time) can be a valuable technique to dispel notions that “you told me you didn’t have a two-bedroom apartment because I sounded (race or color) to you.” These parallel records can help you show that you said you didn’t have a two-bedroom apartment at that time because you didn’t have one.

But perhaps the three most valuable procedures are:

Return every voice message call no matter what! There should be no excuse not to return a call from someone who was interested enough in your community that they called you. Not only is failing to return calls rude and bad business, it is now potentially dangerous. Instruct your staff that every message will be responded to, promptly and pleasantly, and that they should make a record that they have indeed done this.

Always conclude with an invitation. Be sure that at the end of any conversation that an invitation is extended to the prospect. Again, no matter what! The conversation could be misconstrued as discriminatory is some way, through no fault of the leasing agent, and the fastest way to correct that misrepresentation is to invite the prospect to visit. “Even though we don’t have any two-bedroom apartments now, you are still welcome to visit us…may I set up an appointment?” or “Would you still like to visit us even though we don’t have tennis courts? If so, let’s make an appointment…” can be like an insurance policy for you as the landlord. If the prospect declines the invitation, then that should be noted accordingly.

Test your staff. From time to time check to be sure that your leasing staff is following the above. Have people leave messages asking to be called back; have people call and ask about an amenity you don’t have. Then see how your leasing agents handle this. If they return calls and issue invitations, reward them. If they don’t, then work with them or find someone who will not put you at risk.

“Of course, some people sound black, and some people sound white. I don’t care if they realize that I am black…But give me the same chances that you give everybody else. I’m as good as the next person.” – James Johnson, plaintiff in a linguistic profiling fair housing lawsuit.

“Fair Housing Focus” is written by Nadeen Green, senior counsel with For Rent Magazine®. *The information contained in this article is not legal advice, and the author and* FRM *strongly recommend that you consult with your own counsel as to any Fair Housing questions or problems you may have.*

Affiliate Members Listed By Services

Access Controls:
Marwest Access Controls, Inc.
Risco Lock Box Company

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Thomas C. Roberge & Company

Advertising:
Rentalhouses.com

Business Products:
Peachtree Business Products
Professional Office Services of ID, Inc.

Claim Services:
Home Claim Services
Claim Source One

Inspections:
House Master Property Inspections
Service Access, Inc.

Internet Tools:
HomeRentals.net
Mayaco Marketing & Internet

Legal Services:
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Law Offices of Heist & Weisse, P.A.

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Northern Electric, Inc.

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Home Management Network

Software:
Copper River Technology Solutions
PROMAS Landlord Software Center
Small Computer Services, Inc.
Winning Edge Software Solutions
Yardi Systems, Inc.

Telecommunications:
AMI Telecommunications Corporation

Tenant Screening:
Merchants Association of Florida, Inc.
National Credit Reporting
Orca Information
SafeRent, Inc.

For more affiliate information, please visit the NARPM Web site **www.narpm.org.**

Welcome New NARPM Members

The following is a list of new members who joined NARPM from July 1 to July 31, 2002.

Professional

Marga Amberg
Ansley Management Company
413 N Carpenter Street
Chicago, IL 60622
312/666-4070 x102

Rob Callahan
Callahan Real Estate, Inc.
4206 N Division
N. Little Rock, AR 72118
501/758-9555

Allen Christner
A Better Way Realty
1777 S Harrison Street #911
Denver, CO 80210
303/759-2222

Ronald Creamer
Century 21 Gold Medal Associates
13703 US Highway 19
Hudson, FL 34667
727/862-8000

Caron Davis
Davis & Decker Property Management, Inc.
777 Beal Parkway N
Ft. Walton Beach, FL 32547
850/864-2111

Dusty Doty
Worthington Realty, Inc.
8258 Danbury Blvd.
Naples, FL 34120
800/771-7275

Bill Evans
Austin Real Pros, Inc.
4101 Medical Parkway, Ste. 109
Austin, TX 78756-3724
512/458-3730

Lynda Frey
Penn Properties, Inc.
PO Box 536298
Orlando, FL 32803
407/898-7461

Philip Henderson
Henderson Properties, Inc.
919 Norland Road
Charlotte, NC 28205
704/535-1122 x14

Freddie Hornedo
High Places Management Services
PO Box 1166
Edgewood, MD 21040
410/679-7330

Arthur Houghton, II
Long and Foster Real Estate, Inc.
4200 Wisconsin Avenue NW
Washington, DC 20016
202/364-5800

Kara Mathenia
Windermere Property Management, Inc.
32785 SR 20, Ste. 4
Oak Harbor, WA 98277
360/331-5576

Catherine Norman
Elite Properties & Services
26 Pinecrest Plaza, PMB 345
Southern Pines, NC 28387
910/692-3012

Ernest Paty
First Texas Real Estate
PO Box 118020
Carrollton, TX 75011
972/492-3522

Patrick Powell
East Hampton Management Company
608 E Pembroke Avenue
Hampton, VA 23669
757/723-1988

Laura Seagraves
Prudential Georgia Realty
863 Holcomb Bridge Road
Roswell, GA 30079
770/992-4100

Terry Wade
CTW Investments, Inc.
One N Walnut, Executive Building
Cleburne, TX 76033
817/645-1891

Dorrliss Ware
Deborah Glomb Realty
3850 SE 58th Avenue
Ocala, FL 34480
352/624-3151

Hal Wilson
The Wilson Group
302 42nd Avenue N
Nashville, TN 37209
615/385-1414

Support Staff

Nicole Castaneda
Jackson Group
1806 Balboa Street
San Francisco, CA 94121
415/379-9035

Samuel Norman
Elite Properties & Services
26 Pinecrest Plaza, Box 345
Southern Pines, NC 28387
910/692-3012

Affiliate

John Pawlak
Claim Source One
6065 Roswell Road, Ste. 505
Atlanta, GA 30328
404/252-1771

Lance Plumblee
Copper River Technology Solutions, LLC
403 Woods Lake Road, Ste. 208
Greenville, SC 29607
864/297-7661

Ambassador Program

NARPM continues to grow, and you are part of that growth success. This year we have a goal of 15 new members per month. Our Ambassador Program allows you to help NARPM achieve this goal and reward yourself at the same time. Recruit five new members in one year, and you will receive an Awards Certificate you can use toward paying your dues or for events for the coming year. To do this, do the following:

- ★ Call NARPM Headquarters at 800/782-3452 and request membership application forms. Headquarters, upon request, will mail the application directly to the prospective member but will not fill in the "referred by" line.
- ★ The 12-month membership period for the five new members starts the day your first new membership application is approved by headquarters.
- ★ When Headquarters receives the fifth new membership, an Awards Certificate will be issued and dated. A Recognition Certificate will also be issued, and you, as the "Ambassador," will be recognized in the *Residential Resource*.
- ★ The Awards Certificate can be used to pay NARPM annual dues, or like amount can be applied toward National Leadership Conference or National Convention.
- ★ It must be used in full at the time of use and attached to your dues or registration for Leadership Conference or Convention. The value of the Awards Certificate is equal to what the national dues were at the time the Awards Certificate was issued. It also must be used within 12 months of the issue date.
- ★ A member can earn only one Award Certificate per 12-month period. However, a member can earn unlimited Recognition Certificates.

Ambassador Program

July 2002 New Members

New Member	Ambassador Member
Arthur Houghton, II	Jody Beal, GRI, RMP®
Donald Hudson	Gary Kornegay
Rob Callahan	Patricia Callahan
Kara Mathenia	E. Carroll Young
Ronald Creamer	Jim Waddell, RMP®
Laura Seagraves	Carl Erbesfield, CRB
Lynda Frey	Marianne Genetti
Bill Evans	James Bigham, RMP®
Samuel Norman	Catherine Norman
Hal Wilson	Jim Hodge
Ernest Paty	Suzanne Athey
Lance Plumblee	Harold Kalles, RMP®
Nicole Castaneda	Raymond Scarabosio, MPM®
Dorrliss Ware	Deborah Glomb

Convention Corner

By Andrea G. Caldwell, MPM®, Convention Chair

Where the Old Meets the New… Make a Difference in Atlanta, 2002!

One last invitation to join us in Atlanta, September 18-21, 2002. Don't let the challenges of this year bring you down enough to ignore the greatest event NARPM has to offer you — personally, professionally, and psychologically! Together we can surmount this market, creatively and positively. Alone, it is a lonely and formidable task (*plus we will miss you there!*)

Join your friends and colleagues, and learn a better and more profitable way of doing business. You will recoup the investment of attending this convention with a single idea, which can completely change your business and ultimately your life! Opportunity knocks — answer the call and join the most professional and enjoyable group of residential property managers in this country!

Remember, Saturday at the convention is a special program, beginning with Richard Yarborough's morning address explaining how to avoid being eaten by the bear. This will be followed by some of the strongest workshops of the program. Be sure to stay, and get the most from your registration fee. This convention is about EDUCATION, EDUCATION and EDUCATION! Get all of it with one stop in Atlanta.

See you there. We all will be "Where the Old Meets the New….Making a Difference in Atlanta, 2002!"

Andrea Caldwell, MPM®, has served on the national board for the past three years and currently serves as National vice president and chair of the 2002 National Convention Committee.

Get the Most Out of an Educational Session

By Cynthiann King, C. King Unlimited Educational Services, 2002 Atlanta Convention Speaker

A recent study conducted by the American Society of Training and Development found that "Formal school education today accounts for only a 15% impact on lifetime earnings. The remaining 85% is attributable to workplace training." This recognized training organization further states, "By the year 2003, 75% of all currently employed employees will need retraining in their present or newly created positions."

Responsible training and education managers and directors in our industry continuously strive to work efficiently and effectively and to utilize resources to the maximum. One way to do this is by capitalizing on the resources invested in our ongoing educational opportunities. Education comes in a variety of venues. Whether you attend a formal small group class, participate in a panel discussion, attend a CallSource tele-training session, dissect a case study, or facilitate a mini-segment at a staff meeting, you are actively engaged in an educational session.

The following represents tested and proven techniques designed to assist every participant and attendee in getting the most out of an educational, learning experience.

Before a training session:

- Define your personal WIIFM — *What's In It For Me*. Why are you attending this? What do you want to gain? How will this further your development goals?
- Clear your mind and your calendar to focus on the session. Be there — 100%.
- Gather the necessary tools, complete all presession assignments, check for and respond to any prerequisites.
- Check your "input" gauge. Remove any preconceived biases in the educational activity so you're fully open to receive and process the information.

During a training session:

- Enhance retention and application by taking notes and marking the pages with your personal memory joggers.
- Find applications of the information and align them with your position and its responsibilities.
- Ask questions, ask for additional examples, ask for the reasons behind the new information or procedure, ask for a demonstration, ask, ask, ask — until you're comfortable with the material.
- Where appropriate, add your insights to the information so others can benefit from your experience and knowledge.
- Design a key idea action plan for implementing the presented information. Include how you will measure the success of your plan.
- Review the information and prepare for a learning review. A test will accompany most truly educational sessions.

After the educational session:

- To optimize application and retention, review the presented information as soon as possible upon returning to your workplace.
- Discuss and disseminate the information to fellow staff members either formally (i.e., as a mini-session that you facilitate) or informally (i.e., your overview presented in a memo or verbally at a staff meeting.)
- Periodically review the materials to further enhance proper application and retention of the information.
- Provide constructive feedback to your educator, trainer, presenter, and course designer so revisions can be performed to continually upgrade information and materials.
- Monitor your ongoing effectiveness, efficiency, overall performance, and personal development.
- Ask yourself: "What other resources, tools, educational services, and seminars do I need to excel?"

If you follow these proven techniques you will exemplify a truly professional approach to gleaning as much as possible from educational opportunities. On behalf of our industry and my personal mission to enable all firms to become a true learning organization, I personally welcome your suggestions and look forward to providing you with superior educational services in our mutual pursuit of excellence. I can be reached via e-mail at cynthiann@ameritech.net or by calling 847/487-8791.

Cynthiann King is a degreed, experienced educator serving the multifamily industry with the design and delivery of dynamic, interactive seminars and courses; design and production of company operating manuals; and design, delivery, and evaluation of training and education solutions. Her clients include prestigious firms and associations located throughout the United States. She is a national speaker and frequent presenter at industry events.

Stress Buster "Dr. D." to speak at NARPM Convention

By Dr. Joel Desaulniers, 2002 Atlanta Convention Speaker

We see it on TV, hear it on the radio, watch it on the roads, feel it at the office, and experience it every day. Yet we seem powerless to cope with an elusive reality called "stress." Most of us have tried various methods, but Dr. Joel Desaulniers has come up with a prescription almost guaranteed to cure all ills, and he wants us to take plenty of doses at the office. The magic "pill?" HUMOR!

"Everyone is too serious today," says Desaulniers. "If we wish to continue to compete in the world market, we need to change our ways of doing business. We need to re-institute laughter to increase creativity and innovation and improve our health and happiness on the job."

Desaulniers says his face, like that of others in the corporate world, "used to be stuck on screen-saver." He worked 70 hours a week, neglected his family, and was bent on achieving $ucce$$. It all came crashing to an end when his 17-year-old daughter was involved in a life-threatening automobile accident.

"That was my wake up call to life," he says. "Prayer and humor brought us through that terrible time, and it occurred to me that I was not the only one suffering from terminal seriousness. I wondered how I could bring more balance into my life and interject humor in to a serious medical practice?"

The answer came to him almost immediately. Desaulniers attended a presentation by a humor consultant at a meeting of the Georgia Chiropractic Society that launched his new career. After 12 weeks of comedy classes, he "graduated" from the Punch Line and entered a new phase of his life.

Desaulniers takes liberal doses of his own medicine daily and interjects humor to ease both body and mind. "My patients now tell me that I crack them up in more ways than one," he says.

On September 20, 2002, in Atlanta, GA at the 14th Annual NARPM Convention Dr. D., the author of *Managing Stress from A to Z*, will offer practical, easy to interject humor into every situation.

"If laughter can help cure medically incurable ills by lowering blood pressure and making the immune system more resistant to disease, imagine what it would do to productivity and creativity," says Dr. D. His advice until his presentation? "Take two jokes and call me in the morning."

Dr. Joel Desaulniers, is a humor and stress management consultant and founder and President of Humor for Health, Inc. He is a board member of the Georgia Speakers Association and a member of the National Speakers Association. He has produced his own series of lecture tapes, teaches public speaking and humor classes, and has had several articles on humor and stress management published nationally. He has authored two books, "The A to Z's of Stress Management," and "Looking for Humor in All the Right Places." He has performed at the Punch Line in Atlanta in front of sellout crowds.

The Wireless World — Part I

By Mike Anderson, 2002 Atlanta Convention Speaker

This month we will look at PDAs and small or handheld wireless devices. With the ever-changing technology and myriad options available, it's often difficult to wade through it all. Read on, and we'll clear up some of the confusion!

What Do You Mean By Wireless?

When we refer to a "wireless" device here, we're talking about an electronic unit that communicates without the use of wires. Your cell phone is one, so is your Blackberry. Your Palm Pilot might be, and your laptop could be. A wireless device does not need to look like a computer; it could look like a phone or even a button on the mirror of your car.

Wireless devices typically use radio waves or infrared light to communicate. Infrared light works for very short distances, while radio waves are required for longer distances. Typically a wireless device has a unique identifier, such as an Electronic Serial Number that it uses to identify itself when it communicates. Any receiver within range of the device, operating on the same frequency of the device, picks up the signal and routes it so it can be processed.

What Do You Do With a Wireless Device?

These days the primary use for wireless devices is to connect to a network (often the Internet) to send voice and data signals. These can be conversations, text and e-mail messages, computer program files, and the like.

What Kind of Wireless Device Do I Need?

That depends largely on what you want to do with it. If you are going to do a lot of talking, you probably want a digital cell phone. However, if you want to send e-mail, you may want to look at a Blackberry by RIM. If you want to do both, look into a hybrid device like the Handspring Treo 180.

Sadly, the best handheld devices seem to be the furthest behind in their wireless capabilities. Many of us use a Palm Pilot, but most Palm Pilots are not wireless enabled. You can purchase a wireless-enabled Palm Pilot or add a wireless modem to certain Palm Pilots. However, for all your efforts you are still likely to experience frustration with spotty coverage and expensive wireless service plans.

If you simply need to receive short e-mail messages and send quick replies, a cell phone may be your best bet. Most newer digital phones and service plans support SMS — a text-based communications protocol that allows you to send and receive messages 15 to 25 words long. Some phones offer a Web browser with the option to go online to read and send full e-mail messages. Be careful, though! Typing a message with your cell phone could take hours, if not days, and if you're logged on to the Web you are likely logging up the minutes permitted in your plan.

For e-mail on a handheld, the Blackberry device is currently the best on the market. It is smaller than a Palm Pilot, but includes an innovative "thumb keyboard" that allows you to quickly type with your thumbs. It sounds strange, but those who have used it really seem to like it. In addition to providing e-mail service, the Blackberry also has many of the Palm's features. However, the Blackberry does not use the ubiquitous Palm Operating System, so you won't be able to install and run programs developed for Palm compatibles.

The Pocket PC is beginning to make inroads as an alternative to the Palm Pilot. However, like the Palm Pilot, Pocket PCs often require add-ons to make them wireless capable. If you need a fully functioned Windows-based computer in the palm of your hand, the Pocket PC is worth consideration. However, price, speed, and reliability should be considered, as all are significantly less attractive than their Palm-based counterparts.

Whether considering a Pocket PC or a traditional laptop, the wireless option that seems to be the most sensible solution is the wireless LAN. Just like your office network, computers on a wireless LAN can be connected to other computers, to the Internet, and to other devices, like printers and scanners. A number of companies have installed public wireless networks in hotels, airports, and coffee shops. With the purchase of a subscription and wireless LAN card, your Pocket PC or laptop can connect to these networks and to the Internet. With this setup you can take your computer from your office to the airport to your hotel and out to a restaurant, staying connected at each location with the wireless LAN. To make life even simpler, a company called Boingo has arranged deals with hundreds of local wireless network providers so that you can pay one monthly subscription price and access various wireless networks across the country. If this method truly catches on, it may replace all other forms of computer-based wireless connectivity.

In summary, no one solution is ideal for everyone. And there is no single solution that has poked its head through the clouds and emerged as the market leader or technology standard. Just like it seems with all technology these days, if you purchase a wireless device do so with the knowledge that, no matter how long you wait or how much you agonize over the decision, it will probably be obsolete in six to 18 months!

Next month we'll talk more about The Wireless World as we discuss options for a wireless network in your office.

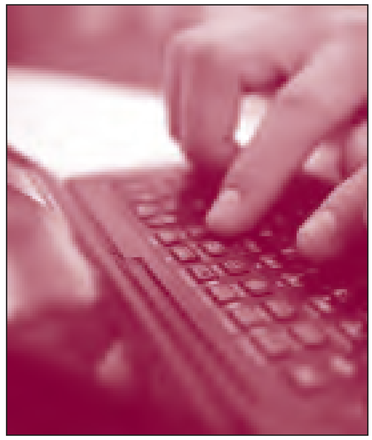
Mike Anderson of HomeRentals.net prepares this column. If you have a question you would like answered, e-mail him at mike@homerentals.net.

The Paper Planner or the PDA — Which is Better?

By Harold Taylor, Harold Taylor Time Consultants

Has the traditional hard copy planner finally met its match?

As Palms and Pocket PCs become more popular and time management training becomes available for Palm users, the debate as to whether handheld computers are better than hard copy planners continues to escalate. There are still a few things that a PDA cannot do, like survive a drop from a three-story window or make its planner section large and legible while retaining its smallness. But then again, I have never seen a hard copy planner that could beam information to another planner or let you plan 30 years into the future or review schedules 90 years into the past. Here are a few pros and cons of both handheld computers and paper planners. Judge for yourself.



Two obvious advantages of the PDA are its portability and capacity. There are paper planners that are smaller and lighter, but their function is limited to little more than revealing the days of the year and room for a few scribbled appointments and events. It is impossible to purchase a hard copy planner that could hold even a fraction of the information provided by a handheld computer. If one were available, you would need a tractor-trailer to haul it around.

The paper planner still has its advantages. I have yet to see a Palm user write graffiti or peck at the miniature keyboard as quickly as a paper planner user could scribble appointments in his/her scheduler. When it comes to drawing maps and entering directions, they're way ahead. Even accessing data from the calendar at the flip of a page seems faster than turning on a PDA, tapping buttons and scrolling. You could even claim (poor handwriting aside) that a hard-copy planner is a lot easier to read. And I have never known a paper planner user to have to change batteries or recharge their organizer to keep it operating. The initial investment is a lot less for paper, as is the replacement cost if it's ever lost or damaged beyond repair. And speaking of costs, have you ever experienced a problem with having to upgrade to the latest paper planner model? Seems like the manufacturers of paper planners forgot to build in obsolescence! Paper planner users can also boast that they have never had their planner crash, freeze, or lose all their data. They might even mention the joy of being able to see their week at a glance, details and all, or being able to color code events without having to add third-party software, or simply the peace of mind they experience by seeing all their past year's planners lined up in their bookcase, information intact.

Lest you sense the argument swinging in favor of paper planners, let me remind you that dozens of past years' planners lined up in a row consume space and could escalate into clutter. I might even mention the destroyed trees that they represent. The total information contained in a life's accumulation of planners could be housed in a tiny 3" by 4-1/2" PDA. There is unlimited space for notes and things to do. Only one entry for birthdays, anniversaries, and other repeating events is necessary. No need to copy over information from one planner to the next. You don't even have to turn on your PDA to be reminded; an audible alarm will grab your attention. And when you mention readability, try reading a planner in the dark! I've yet to see a planner with a backlight.

Palms and Pocket PCs don't get smudged and dog-eared, nor worn or torn from too much erasing. They can make changes quickly and cleanly as well as keep confidential information hidden from sight. You can even attach notes to your appointments, scheduled tasks, or to do items. You can beam assignments, business cards, and other information to fellow users, synchronize with your computer, and install e-books (with a document reader) to utilize travel time.

PDAs eliminate the need to carry a separate watch, calculator, alarm clock, or expense forms. With third-party software, you can include everything from time zones, area codes, and metric conversion tables to flight schedules and medical information. Accessories can convert your Palm into a digital camera, allow you to send and receive e-mail, and print your schedule directly from your Palm. Software is being developed daily that makes the Palm even more versatile.

The PDA may be more expensive initially, and be more fragile, but with a protective case and caution, it could serve you for the rest of your working days. It could even be cleared of its information and used by someone else. So the traditional planner, with its finite number of pages, space, and time frame is being challenged with this relatively new electronic marvel. But is it really better? You be the judge.

Contribute to the Residential Resource

Issue Date	Submission Due Date
November	September 15, 2002
December	October 15, 2002
January, 2003	November 15, 2002
February, 2003	December 15, 2002
March, 2003	January 15, 2002

If you are interested in writing an article, please e-mail an attachment of your article in Word or text format to Jessica Jacobs jjacobs@assnmgmt.com or send her a Word or text file on 3 1/2" diskette to P.O. Box 140647, Austin, TX 78714-0647. All articles are subject to editing and approval of subject matter.

"Battered Victims = Fair Housing Battle Victors" Domestic Violence as a Fair Housing Issue

By Nadeen Green, 2002 Atlanta Convention Speaker

For multi-housing professionals, it should be easier than naming the Seven Dwarfs to quickly list the seven federally protected fair housing classes — race, color, religion, national origin, sex, familial status, and handicap/disability. No matter where your property may be located, your community policies, rules, and regulations must be such that they do not directly or indirectly discriminate against anyone because of his or her standing in the federal protected classes.

While no state or local laws may take away from the federal protections, state and local laws may add to the list of those who are entitled to fair housing protection. And many states and local governments have done just that. It is not unusual to find protection afforded to people notwithstanding their marital status, student status, military status, source of income, sexual orientation, ancestry, or age. Other protections are out there, but these are often of a very limited jurisdiction. One such protection that is seen only rarely is that of specific fair housing protection for victims of domestic violence.

But a recent case dealing with domestic violence has established a precedent with nationwide ramifications for the apartment industry. This case should be the impetus for landlords to examine their current policies and procedures and to update them as need be. Landlords must take into consideration that whether their state or local laws protect victims of domestic violence, people who have been abused now have certain protections under federal fair housing law.

How can that be? If someone is not in a protected class (assuming that domestic violence is not protected in your area), how is it that they could have protection under federal fair housing law? Because while being a victim of domestic violence does not necessarily afford someone protected status, that "someone" will most likely be a woman. The overwhelming majority of victims of domestic violence are women; women are more likely than men to be victims of domestic violence. Thus, landlord/tenant policies that deal with domestic violence at apartment communities will statistically impact far more women than men. And the difference between women and men is sex (remember that this author went to law school in order to grasp esoteric concepts), and sex is a federally protected fair housing class, and thus (or "ergo" as lawyers say) fair housing law is violated when the harsh results of domestic violence policies impact women more than men (what we lawyers call "disparate impact").

This is the concept that was successfully developed in an Oregon lawsuit brought by the United States of America against the corporate owner, property management company, its general partners, and certain employees of an apartment community (remember that liability for fair housing violations cannot be delegated — everyone who participates in discrimination can be held accountable). A resident was evicted because of the landlord's "zero tolerance" for domestic violence. Her then-husband physically assaulted her, and she went to the hospital. She then obtained a restraining order against him, he was subsequently arrested and convicted, and the resident has not had any contact with her now former husband since the attack. Although there had never been any complaints from other resident about the couple, even concerning the domestic violence episode, the landlord invoked its rule of zero-tolerance for domestic violence, noting that "You, [or] someone in your control…has inflicted personal injury upon…other tenants." The parties have settled the lawsuit, and the landlord will no longer evict or discriminate against victims of domestic violence; will attend fair housing training; shall review and revise as necessary all in-house training and policy materials; shall notify all current and new residents accordingly; and shall report as required to the U.S. Attorney for the next 5 years. Oh, and the landlord will pay money to the abused wife who was a Plaintiff-Intervener in this case (although the amount to be paid remains confidential).

While this is an Oregon case*, it is important to note that the precedent and the settlement agreement will be used as needed to end discriminatory evictions of domestic violence in housing throughout the country. The American Civil Liberties Union's Women's Right Project and NOW Legal Defense and Education Fund were also involved in this case. NOW says, "For a long time victims of domestic violence were…being denied housing opportunities solely because of the behavior of their abuser — this… changes that." And it does.

So what is the wise landlord to do? The challenge will be to balance the civil rights of domestic violence victims with the rights of other residents to "quiet enjoyment" at the community.

First, the landlord should review any policies that exist as to domestic violence. It is strongly recommended that any zero-tolerance policies be done away with, and that any other policies that provide consequences (especially eviction or non-renewal) be reviewed.

Even if the landlord does not have specific policies as relate to domestic violence, policies relating to noise, disturbances, etc. should also be reviewed, particularly those that provide consequences.

The landlord's policies (which should always include the rationale…the "why" for any policy's existence) should perhaps contain an affirmative statement to the effect that the landlord will make extra effort to work with domestic violence victims when there are issues related to the community rules and regulations.

The landlord should contact a local organization for victims of domestic violence now (don't wait for a problem at your community) and develop a rapport so that the organization can be contacted when there may be violence-related problems at the community. Investigators, attorneys, judges, and juries could look favorably upon such an effort if it ultimately becomes necessary to evict or not renew in a domestic violence case and a complaint or lawsuit later results.

One of the challenges of our industry is that it is ever changing and not just in the realm of fair housing. This is an important change that the astute landlord will address in policies, procedures, training, and communications with prospects, applicants, and residents.

Battered women nationwide have claimed a victory and set a precedent of far-reaching effect.

*In the United States District Court for the District of Oregon, Civil No. 01-857-PA (*United States of America and Tiffanie Alvera, vs. the C.B.M. Group, Inc. et al*).

"Fair Housing Focus" is written by Nadeen Green, senior counsel with For Rent Magazine®. *The information contained in this article is not legal advice, and the author and* FRM *strongly recommend that you consult with your own counsel as to any Fair Housing questions or problems you may have.*

Maintenance & Management Corner

Air Conditioners

By Rick Ebert, MPM®, 2002 Atlanta Convention Speaker

Those of us who manage rentals in the south and southwest simply can't live or function without them, and our tenants can't either. It happens every season just as the wild flowers start to bloom, hot weather and AC calls. First, you have to have a clean filter, yet home inspectors inform me that very few homes have a clean filter. Make your tenants responsible for changing out the filters monthly, and if necessary, provide them with 12 filters for the coming year when you do the lease. Filters that are pleated catch more dust particles and are only pennies more that flat type filters. Remind tenants that a dirty filter causes higher electric use and less AC efficiency. Keep the condensate line clear by putting a cup of bleach down the line twice a year. If your tenant insists that the AC is not cooling properly ask them to define their meaning of "cooling." To some tenants this means ice crystals on the ceiling in July. To an AC technician, a proper cooling standard means temperature differential between 16˚ – 20˚ F. So if it's a cool 100˚ in the shade, and it's 84˚ inside, the unit is probably functioning correctly even if the tenant has the thermostat set at 70˚! Another factor that comes into play is the location of the compressor. If it's not well vented (some owners like to box them it to hide them and tenants will pile things around them) the unit will not work efficiently. It's a good idea to remind tenants to close window coverings that face the sun to increase efficiency. Remember that the average life of an AC compressor is about 10 years, but in a rental, that average life is actually less. To prolong the life of the AC system, have it checked for coolant leaks and for a dirty coil at the start of each season.

Rick Ebert, MPM®, is a founding NARPM member and has been an instructor of the RMP® Maintenance Class for several years. He has authored over 100 hours of property management classes and is a frequent lecturer, instructor, and author.

The War For Talent: Finding and Keeping Good People

By Dr. Barton Goldsmith, CEO, Goldsmith Consulting

A successful business today must maintain a competitive advantage in at least one of three areas — technology, capital, or people. Since few entrepreneurial businesses can rely on technological or financial superiority, their best chance of building a sustainable competitive advantage is with respect to people. By adopting an objective system for selecting the right people and understanding what motivates them to stay, entrepreneurial businesses can find and retain awesome performers. They can build a greater lifetime value for their members and become more profitable organizations.

The Right Personality for the Job

People are almost always hired based on appearance and skills. They quit or are fired usually because of personality. In entrepreneurial businesses in particular, the majority of positions require people who are strong in soft skills rather than in hard skill sets. This makes it essential to understand the behavioral requirements of each position to match it with the personalities of the applicants or incumbents.

In many positions, such as support staff and bookkeepers, it is essential that the job be done by the book. The best personality for such a position is one that is accommodating, accepting, and agreeable. The employee must be comfortable performing repetitive tasks at a rather steady, methodical pace. They must be fairly calm and patient. They must also be detail-oriented and produce high-quality work. These people are implementers rather than innovators. In addition, a person who deals with the public must be warm and friendly to make each and every person feel special, but they must not take that friendliness too far. Bookkeepers, on the other hand, need not be highly sociable, warm, friendly, or persuasive. They may be rather introspective, shy, quiet, and analytical.

Business development reps need to be a bit more results-oriented than bookkeepers. Dealing with pressure and performing well under stress tend to be their strong points. Instead of being particularly accommodating, they should be a little more self-confident, perhaps a bit aggressive about making things happen. They do need the same level of warmth as a salesperson, but instead of being calm, patient, methodical, and relaxed, they must be more intense and driving. They also need the ability to think independently and on their feet because they don't have a set of rules to follow.

Managers need a personality similar to a business development rep, but they need to be more dominant and less sociable, which makes them even more results-oriented. These people are leadership personalities who want to be empowered.

Understanding the personality requirements of various positions helps select the right candidates. Appreciating and respecting personality differences also makes it easier to work with people.

Promoting with Competence

What happens if a successful salesperson is promoted to the position of business development rep? Their success or failure may be determined by a combination of skill sets, experience, and the number of people in their network. But, much more importantly, they will succeed or fail based on their behavioral attributes because a successful salesperson's personality is quite different from a business development reps.

Leaders of organizations tend to assume everyone wants to be empowered and get to the top. They fail to understand how people can stand to accept the role of bookkeeper for the rest of their lives. The truth is bookkeepers enjoy that type of work when they have the right personality to be a bookkeeper. They want empowerment, but only in their area of expertise. Asking them to take on responsibilities they may not be comfortable with is often a disservice to them and the organization. These people appreciate security and stability. They flourish in a family atmosphere. They enjoy working for an organization where they understand the rules. Their motivators are opposite to those of a business development rep or a manager. Therefore, hiring a bookkeeper means filling the position for the long haul.

Creating Behavioral Job Descriptions

Job descriptions would be far more accurate if they included behavioral requirements. These can be determined by measuring the job with behavioral instruments such as those produced by the Goldsmith Innovation/Implementation Index (G3I). The G3I asks questions about their reaction to typical work scenarios and determines the personalities that will be successful in the position.

Increasing the Size of the Funnel

Another challenge executives face in the current economy is that there are often more positions than qualified applicants. Knowing that behavioral characteristics, not hard skills or industry experience, determine job success, it becomes possible to increase the size of the funnel. If a business requires a college degree, industry experience, or computer literacy, they may lose qualified candidates. By hiring for personality, more people can be filtered into the organization. While it is easy to train people in the necessary skills, it is next to impossible to change their personalities.

Effective Interviewing

Hiring decisions must become more objective. This means not just a behavioral job description, but also an objective interviewing process. Most interviewers decide subconsciously in the first few seconds if they like the candidate or not. And, the main reason they dislike people is because they're different from them. The key is to turn that "stupid switch" off and be responsive to the candidate rather than reactive.

Interviewers look at three things in a candidate: appearance, skills, and personality. Appearance is easy to appraise, highly subjective, and easily changeable. But its impact on job success is usually very low. Skill sets can be assessed objectively by giving tests or by contacting former employers. Skills are more easily upgraded, and their impact on performance is anywhere from low to high depending on the position. Personality is the most difficult to appraise in the traditional sense, and appraisal has always been subjective. Further, personality is stable and difficult to change yet its impact on performance is very high. This means the one factor that has the greatest impact on the majority of jobs is also the most difficult to measure unless it can be done objectively.

Interview questions must be designed to determine personality characteristics. Behavioral instruments are available to make the task simple and easy. “We have used G3I for many years in our hiring process,” says Mark Poncher, CEO of Oliver Systems “We administer it to candidates to ensure that they have the correct selling abilities and service profile. With management candidates we use it to appraise leadership skills. The test tells us whether they are a good fit for the position or the business environment in general. It also determines training needs and how best to coach the new employee.”

Retaining Good People

Once good people are on board, the next challenge is keeping them. “Our turn-over rate for jobs such as media buyers, account executives, and call center reps has been higher in the last two years than ever in the past,” says Katie Williams, President/CEO of Williams Worldwide Television. “The unemployment rate for our region is below 3% and economic forecasters tell us that there is no solution in sight.” The investment an organization makes in getting an individual “up to speed” is tremendous. When someone leaves, retraining a new employee represents a financial loss and replacing them as a team member wastes time and energy, which also impacts the bottom line.

Matching employees’ behavioral profiles to positions is the first step. “We have not hired anyone in the last 10 years without using the G3I,” says Patrick Cunningham, president of Infinite Axis, “If you fill a customer contact position with a person who is introverted and likes to work alone, chances are they will not last. Hiring based on personality profiles has improved our morale and job satisfaction.”

Knowing about behavioral differences makes it clear that the Golden Rule, “do unto others as you would have them do unto you,” is not effective. People must be treated differently depending on their personalities, the way they want to be treated, not the way the CEO or the supervisor wants to be treated. Only behavioral assessment makes it possible to know who wants to be treated in what manner. Once an individual’s inherent motivational needs are understood, it becomes easy to provide them with what they need to feel good about them.

Recognizing and Motivating Individuals

Employees typically won’t leave for more money when they feel safe, productive, and comfortable. It’s not enough to bring people into an organization, train them, get them working at full speed, and then leave them alone. Instead, leaders must take the responsibility to build up and motivate new team members. Make them feel cared about and respected. Handshakes and “thank-you for working here and doing a great job” are as motivating as an employee-of-the-month award, a small bonus or a promotion.

The biggest mistake is not recognizing and publicly acknowledging a good employee’s performance. The second biggest mistake is not acknowledging that performance in private. The third biggest mistake is not acknowledging it at all.

Emotional Involvement

The emotional aspect of retention is often overlooked in financial institutions. Employees must give their heart, not just their time. Here are some ways of inspiring them to do so:

- Reward employees with simple little things like movie tickets or pizza days.
- The CEO should go to lunch with as many employees as possible at least once a year.
- Inspire team spirit. There is no better feeling than being on a great team.
- Treat every employee as a resource. Solicit ideas from them on ways to make your company a better place to work.
- Make the organization family-oriented (e.g., daycare on the premises, shift sharing, flextime, telecommuting, and insurance for unmarried and same-sex couples).

Give Employees the Free Time Necessary to Create a Pleasant Life.

Share the vision. Allow for some level of ownership, even if it’s phantom stock. (People are easily lured away by the high-tech industry, not only because of signing bonuses and equity, but because “dotcoms” share the dream and promise employees a piece of the action).

Invest in an “audiotape-of-the-month” program. The subject matter can be anything from family financial planning to team building to getting along with difficult people. Employees feel cared about, grow personally, and become more effective professionally.

Many great resources are available to organizations that wish to improve their retention. But individual assessment is imperative. Companies must first see where they are and fix any problems, before they can move ahead. Or as Yogi Berra said, “If you don’t know where you’re going, you might wind up somewhere else.”

Building a Great Team

Finding and keeping good people is not about hard skills and money, it’s about personality and emotional satisfaction. By replacing their subjective selection and promotion process with an objective one and giving employees recognition and respect, Companies can build a great team that will boost the bottom line and move the organization forward into the future. If you are interested in a complimentary trial of the Goldsmith Innovation/Implementation Index (G3I), send an e-mail to BartonGoldsmith@aol.com.

Barton Goldsmith, PhD, has started, grown, and sold three companies. He is a highly sought-after speaker and business consultant and presents to numerous companies, associations, and leaders worldwide. He works regularly with The Young President’s Organization (YPO), The Executive Committee (TEC), and The Council of Growing Companies. Dr. Goldsmith writes for the Los Angeles Business Journal*, and is a contributing author to numerous books and trade journals. He can be contacted through his Web site at: www.Bar*

Have You Been Tested? — Part I of II

By Judy Cook

(Portions of text adapted from the "Tester's Manual" of Silver State Fair Housing Council, Reno, NV)

"Testing" for discrimination in housing is a method often used by Fair Housing agencies to prove a claim of discrimination. Although numerous court decisions have affirmed the right to enter the testimony of testers as evidence in housing discrimination cases, housing providers often cry "foul" when they discover that a local fair housing council has sent "testers" to their property. This two-part article will describe the practice of testing for Fair Housing discrimination so that you, the housing provider, might better understand this practice. The first part of this article will focus on the definition of testing and how testers are selected. Part II of this article will explore the testing process itself.

What is Testing?

In the *Guide to Fair Housing Law Enforcement*, George Schermer provides the most commonly accepted description of testing:

> "Testing may be described as a way of measuring differences in the quality, content, and quantity of information and service given to customers by real estate firms and rental property managers, attributable to a difference in race (or national origin, religion, or sex — whatever variable is being tested). Teams of persons as similar as possible in all characteristics except as to race, pose as home seekers. The team members visit the same real estate agency or apartment building at closely spaced intervals to apply for the same type of accommodation. Each tester records the responses and treatment received in accordance with a prescribed form. Those two reports are then compared."

One of the most significant court decisions affirming the validity of housing discrimination testing was that of the U.S. Supreme Court in *Havens Realty v. Coleman*. In that decision, the court not only recognized the importance of testers, but affirmed that testers, even though they had no intention of actually acquiring the property in question, have the right to bring suit if they have been discriminated against by the respondent.

Who Are the Testers?

Testers of both sexes, all sizes, shapes, colors, and ages are used by local Fair Housing agencies to prove claims of housing discrimination. Testers are "actors" and are required to be comfortable playing the roles of home seekers. They are trained in testing procedures by experienced fair housing tester trainers and follow specific tester assignments for each test. They are objective observers of events. They do not try to "find" discrimination; rather, they merely pose as home seekers and report accurate observations of what transpires during their test. Testers are chosen based, in part, on their ability to be credible witnesses in court. Preference in tester selection is generally granted to those individuals who have a past background, current standing in the community, and ability to convey a message of truthfulness and competence that are above question. Testers maintain strict confidentiality about their roles as testers. They are paid only a small stipend (to compensate for expenses) by the Fair Housing agencies that utilize their services.

Why Are Testers Used?

Most individuals or groups who contact a Fair Housing agency with a complaint of unlawful housing discrimination do not come with sufficient evidence to prevail if the case goes to court. Additional evidence is often needed in order to "prove" a case to the satisfaction of an outside third party (judge, jury, mediation panel, etc.). The most common forms of evidence in housing discrimination cases are:

1. The statements and testimony of the complainant (plaintiff),
2. The statements and testimony of the respondent (defendant), including employees or agents,
3. Testimony by direct witnesses to the alleged act of unlawful discrimination,
4. Any relevant written records or information from the files of the respondent concerning prior rental/sales/lending activity,
5. Testimony of current residents or previous applicants/customers who had dealings with the respondent,
6. Testimony of "testers" whose experiences with the respondent can be compared to the experience of the complainant.

Conducted objectively and accurately, testing can be one of the most important components in the evidence-gathering process. To some complainants, testing has shown that there is insufficient evidence available to proceed with a complaint. Conversely, in many cases, testing has shown that the complainant was, in fact, a victim of unlawful discrimination. Such evidence speaks for itself.

NARPM Members, if you would like to submit questions or comments for discussion in an upcoming column of "Fair Housing Corner", please send your suggestions to judy@cookcompany.net. DISCLAIMER: Judy Cook is not an attorney, but a speaker and trainer in property management issues. This article is written from that perspective and is not to be construed as legal advice.

Benefits of Membership — Marketing with the NARPM Logo

By Marcy Walsh, MPM®, Membership Chair

We all know the importance of a good marketing plan to promote our business. One of the key components is word of mouth. Referrals from past customers and clients are important to our business; so are calls from people who see your name on an advertisement showing your professional designations and your professional affiliations. When looking for an AC repairperson, aren't you more inclined to go with someone who shows that they are "state-certified" or shows affiliation with well-recognized brands? So how does that correlate to using the NARPM logo? Using the NARPM logo on your business card offers you the opportunity to show your affiliation with a national organization that is specific to your industry. You can find all the NARPM logos on the NARPM Web site at www.narpm.org in the Members only section.

This past year, the NARPM Board of Directors broadened the use of the logo to include your company letterhead and advertising materials. I hope you are taking advantage of this new opportunity to market yourself and your affiliation. My office recently contracted for their annual Yellow Pages advertising. We made sure that the NARPM logo was prominent in that ad. We are redoing our letterhead due to a change of address. We are taking this opportunity to add the logo to our letterhead as well. We've added it to our Web site, our classified ads, and our marketing materials. The more opportunities for the logo to be seen, the more opportunities you and I create to be asked what NARPM is. Every time we share what NARPM stands for, we also have the opportunity to share our education and designations earned through NARPM — setting us apart from others in our field.

NARPM also recently furnished each member with samples of the new NARPM logo stickers that can be displayed in office windows, doors, and on yard signs. Put these stickers wherever you can — be creative! The Membership Team would love to hear of other locations that you have come up with to market the NARPM logo and your affiliation with your national association. Let us hear from you! E-mail Marcy Walsh, MPM®, at marcy.walsh@sw-fl.net, and I will share your creative ideas with others.

Marcy Walsh, MPM®, manages seasonal and annual rental properties for Vineyards Properties, Inc., in Naples, FL. She serves as a national director, NARPM Membership Committee chair, and state director for the Florida Association of Residential Property Managers (FARPM).

Congratulations Contest Winner!

Congratulations to Betty Fletcher, RMP®, the first reader with all 16 answers to the Convention Corner game in the August issue. Betty will win a monetary prize to be presented to her at the Altanta Convention.

Betty Fletcher, RMP®, is owner and principal broker of Fletcher Property Management, Inc, in Little Rock, AR. She is the founding president and this year's Membership chair of the Central Arkansas Chapter of NARPM. On the national level, Betty is a RMP® mentor and serves on both the Membership and the Certification Committees.

Answers to the Contest Questions

Site:

1. Buckhead area of Atlanta, Georgia, Swissôtel.
2. Original art collection.
3. MARTA.
4. Sean "Puffy" Combs.

Education & Speakers:

1. Mark the Mouse.
2. Hot topic with expert panel & breakout sessions.
3. None.
4. 52.

Social Events (The Fun!):

1. Academy of Medicine.
2. Plaza on the River Walk.
3. Hula dance with two NARPM Board Members in grass skirts (still pleading to remain anonymous).
4. At the fun events of the National Convention!

History:

1. Seattle
2. Yes, New Orleans, Louisiana.
3. Answered most questions correctly in *Who Wants to be a Millionaire*, NARPM Style game, Phillip Wilson.
4. San Diego, California

Income Property — Part III

By Chet Boddy

The Income Approach

The income approach, sometimes called the income capitalization approach, is a method of estimating value based on money you expect to receive in the future. This method works best for standard income properties that are fully rented and have been producing income for some time.

The income approach may not be that reliable for owner-occupied real estate, because owners don't pay rent. Also, the income approach may be less reliable for vacant, unique, unusual, or mixed-use properties.

Vacation rentals and single-family residences can produce substantial rental income. However, this income may not have any relation to the value of the real estate because buyers purchase these properties for private residential use rather than investment. Also, many rural properties have more land than is needed to support the income-producing use. Therefore, the income approach may not be that helpful in estimating the value of these types of properties.

Commercial Sales Data

In urban areas, real estate information services such as Comps Inc. research commercial real estate sales and sell this information to appraisers, investors, and other real estate professionals.

In non-urban areas, real estate agents have the major responsibility for collecting and entering accurate and consistent income and expense data into the local Multiple Listing Service (MLS). Without this data it's hard for buyers, sellers, and appraisers to estimate commercial real estate value. When sellers fail to fully disclose income and expense data this can mislead buyers, cause them to overpay, and lead to business failures and loan defaults.

The best time to collect income and expense data is when a seller lists his or her property. This is when they are the most cooperative and motivated. After the sale, the buyer or seller is much less inclined to release this information.

The following are some descriptions of important terms and concepts used in analyzing income property.

Reconstructed Operating Statement

A reconstructed operating statement is a simple spreadsheet that lists the anticipated first-year income and expenses for commercial real estate. It is a useful tool for evaluating income property. A thorough operating statement includes such things as vacancy and collection losses, replacement reserves and management expenses. However, it does not include the owner's income taxes and mortgage payments, which are based more on the owner's circumstances than the real estate.

Market Rent

Market rent is the rental income that a property would most probably command in the open market. The best way to estimate market rent is to look at current rents paid for comparable space.

In rural areas and small towns, comparable rental space is rarely identical to the property being evaluated and may need some adjustments. Landlords will normally charge more rent for properties with higher vehicle or pedestrian traffic. More off-street parking may mean higher rent, and ground-floor rents are usually higher than second-floor rents. Small spaces usually pay more rent per square foot than large spaces. Smart landlords often charge less than market rent for stable long-term tenants, thus avoiding a lot of expenses associated with vacancy and turnover.

Leases

A lease is a written document that transfers the rights to use and occupy real estate from the owner to a tenant for a specified period of time (the term) in exchange for rent. Many residential leases operate on a month-to-month basis, but commercial leases usually have a term of one or more years.

In a "gross" lease, the landlord pays all or most of the property's operating expenses and real estate taxes. In a "net" lease, the tenant pays all the operating expenses in addition to the rent. A "triple net" lease requires the tenant to pay all utilities and operating expenses in addition to rent, including the owner's real estate taxes.

An "index" lease calls for periodic rent adjustments based on some economic index, usually the regional Consumer Price Index. Restaurants often have "percentage" leases, where all or a portion of the rent is based on a percentage of gross sales.

Tenants with a "flat" or "level payment" lease pay the same rent throughout the lease term. Tenants with "graduated" or "step-up" and "step-down" leases pay different levels of rent at certain points during the term of the lease.

Leasehold and Leased Fee Interests

It's important to examine any leases carefully, because they may grant certain property rights to the tenant and lower the value for the owner.

Tenants with long-term leases who pay below market rent may have a type of property right called a "leasehold interest," which lowers the value of the owner's "leased fee" interest. The tenant's leasehold interest plus the owner's leased fee interest equals the market value of the real estate.

Leases may also include options to buy the property, the right to sublet, and the right to sell the lease to another party. These tenant rights may also reduce the owner's leased fee portion of the property value.

Measuring Rentable Floor Area

Since most leases are based on a certain amount of rent per square foot, it's important to measure commercial floor area correctly and consistently.

Commercial floor area is measured differently than residential floor area. Residential gross living area is normally calculated by measuring the exterior dimensions of the house less nonlivable areas such as garages and storage spaces. Commercial floor area normally includes the interior square footage, including interior walls. However, It does not include common areas shared with other tenants such as stairways and lobbies, or major utilities such as elevators and ventilation shafts.

In 1966, the Building Owners and Managers Association published a new, upgraded standard for measuring office buildings, originally developed in 1915. For more information, contact BOMA at 202/408-2662, or visit their Web site at www.boma.org.

Gross Scheduled Rents

Gross scheduled rents are the total income due under all existing leases. This may or not be the same as the asking rent for non-rented space. The owner's asking price could be too high, which could be why the space is vacant.

Other Income

Other income is any other real estate-related income apart from rent, such as parking fees.

Potential Gross Income (PGI)

Potential gross income is the total income attributable to the real estate at 100% occupancy, before any expenses are deducted. This should include gross scheduled rents, the estimated market rent for any non-rented spaces, and any other real estate-related income.

Be careful about including asking rents for non-rented spaces. These could be considerably higher than actual market rents. If this type of rental space is oversupplied in the current real estate market, it may remain vacant regardless of the rent.

Vacancy and Collection Loss

Few income properties are 100% rented and collect all their gross scheduled rents. Some percentage of PGI should be deducted for these losses, depending on what is typical for this type of property under current market conditions.

Effective Gross Income (EGI)

Effective gross income is what is left after an allowance has been deducted for vacancy and collection losses.

Fixed Expenses

Fixed expenses don't vary with occupancy. They have to be paid whether or not you have tenants. Fixed expenses generally include restate taxes and building insurance.

Since the 1978 passage of Proposition 13 (the Jarvis-Gann Initiative), annual real estate taxes in California are limited to one percent of the assessed value, plus a small amount to service the bonded indebtedness of local districts. When the law took effect, all properties were assessed at their 1976 value. The assessed value can trend upward at a maximum rate of 2% annually. The only things that trigger a reassessment are transfers of ownership and major new construction.

Building insurance is almost impossible to calculate without an actual estimate from an insurance agent. Generally, older buildings pay higher insurance than newer buildings. Certain occupancy types (restaurants, nightclubs, etc.) pay higher rates due to higher risks.

Management is usually a fixed expense, because the fee is often tied to potential gross income, whether or not the space is rented. Management expenses should be included in the operating statement, even if the property owner is the manager.

Variable Expenses

Variable expenses normally change with the level of occupancy. These include utilities, repair and maintenance, and reserves for replacement.

The best indications of future utility expenses are the previous bills. But the type of building can give you some clues about future expenses. For example, older, poorly insulated buildings usually have high heating expenses. Flat roofs may tend to leak more than pitched roofs.

Repair and maintenance costs include the normal expense of keeping things in working order. Owners sometimes postpone major repair jobs, so it's important to get a professional building inspection to reveal any deferred maintenance.

Few building owners actually put money aside for repair and replacement reserves. However, this is a legitimate annual expense to consider when evaluating income property. Professional inspections can reveal the need for major work, such as roof replacements, heating and air conditioning system upgrades, and major plumbing and electrical jobs.

Leasing Costs

Leasing costs include tenant improvements and leasing commissions. These are normally associated with large commercial properties where the owner makes substantial improvements for new tenants and pays commissions to agents for negotiating and securing leases. The owner usually compensates for these costs by charging higher rents over the term of the lease.

For small commercial properties, the tenant is usually responsible for making improvements, and the owner does not normally use an agent to secure tenants.

Net Operating Income (NOI)

Net operating income is the anticipated first-year income that remains after all operating expenses have been deducted from the effective gross income. NOI should not include any expenses for debt service or income taxes, which are more related to the owner.

Cash Flow

Cash flow or pretax cash flow is the net operating income minus the debt service (mortgage payments). "After tax cash flow" is the income left over after income taxes have been paid. Properties that produce a positive cash flow are said to "pay for themselves." However, even properties that produce negative cash can be good long-term investments if they appreciate in value over time.

Operating Expense Ratio (OER)

The operating expense ratio is the total operating expenses divided by the effective gross income.

Experienced real estate professionals can recognize appropriate expense ratios for different types of properties. Also, national organizations such as the Institute for Real Estate Management and the Building Owners and Managers Association (BOMA) conduct nationwide studies and publish these ratios. However, the most useful numbers are derived from the local real estate market.

Net Operating Income Ratio

The net operating income ratio is the simply the complement of the operating expense ratio (100% minus the operating expense ratio). You can also calculate this ratio by dividing NOI by EGI.

Hiring a Contractor to Remove Mold

By Wendy L. Buller, Benchmark (Richard McFarlane of Benchmark will be a 2002 Atlanta Convention Speaker)

With the volatile issue of mold in the rental housing industry and the liability scare, it is imperative that the choice of a contractor be of the utmost importance. Usually, larger projects will involve an industrial hygienist who is qualified to determine the *scope of work*. This scope of work is passed to several contractors to review and provide costs. The question remains: How do you as an owner/operator assure that the job will be done properly?

There are many remediation contractors that are available within the Bay Area (CA) that specialize in microbial remediation. There are also standards and guidelines that are followed, such as the Water Restoration Guidelines established by the IICRC S500, The EPA Mold Remediation in Schools and Commercial Buildings, and The New York City Department of Health Bureau of Environmental & Occupational Disease Epidemiloogy for Remediation of Fungi indoor environments, just to name a few.

Listed for you is an *action plan* that can be followed to assure the project is adequately defined and the contractor is right for the job at hand.

Action Plan

Step 1: Determine the scope of work

- Assess size of moldy area.
- Consider the possibility of hidden molds.
- Investigate areas associated with occupant complaints.
- Identify sources of water or moisture problem(s).
- Note type of water-damaged materials (wallboard, carpet, etc.).
- Determine ultimate outcome (cleaning vs. removal).
- Obtain baseline information (may involve testing).
- Determine the steps needed to fix the water or moisture problem.

Step 2. Communication

- Communicate with building occupants throughout the process as appropriate to situation.

Step 3: Research the companies that are bidding on the Project.

- Review previous projects.
- Acquire a list of references.
- Acquire a list of consultants that the contractor normally works with for a reference.
- Review the company's insurance/bonding.
- Review the qualifications of the project manager assigned to your project.

Step 4: Assign a responsible party to oversee the work.

- Visual assessments are done during remediation and post remediation.

Step 5: Clear the area for construction build-back or occupant release

- Usually requiring testing for documentation.

When your mold project is completed, you should be able to obtain a clean bill of health by either your contractor or your consultant. There should be no doubt that that remediation was done properly, that the moisture intrusion source has been rectified and that the unit is safe to re-occupy without any further mold issues associated with that particular loss.

For more valuable information on mold, mold testing, and remediation contractors, look at the EPA Mold Web site at www.epa.gov/iaq/molds.com. That site will also link you to several valuable sources on the subject.

Did You Know

There are laws that require employers to report independent contractors. For more information, phone Tri-County Apartment Association at 408/297-0483.

Wendy L. Buller works with Benchmark Environmental Engineering. Additional sources were the California Dept. of Health Services "Indoor Air Quality Info. Sheet," Alexander Robertson (of Knopfler & Roberston) "The Mold Monster."

Wendy Buller has been in the environmental industry since 1986 specializing in asbestos, lead, and indoor air quality. She is a board member of the California Environmental Information Association. Her firm, Benchmark, specializes in building inspections, environmental engineering, specialized training, and contract management.

2002 RMP®/MPM® Certification Classes

Date	Location	Class	Instructor
September 16-17	Atlanta, GA	MPM® Risk Management	Dave Holt, MPM®
September 16-17	Atlanta, GA	MPM® Client Relations	Wallace Gibson, MPM®
September 17	Atlanta, GA	RMP® Habitability Standards & Maintenance	Rick Ebert, MPM®
September 17	Atlanta, GA	RMP® Operations	Sally Backus, MPM®
September 18	Atlanta, GA	RMP® Marketing	Raymond Scarabosio, MPM®
September 21	Atlanta, GA	RMP® Tenancy	Peter Meer, MPM®
October 25	Tacoma, WA	RMP® Operations	Suzanne Reeder, MPM®

To register for classes, complete the registration form and mail or fax with payment to NARPM Headquarters. For more information call Headquarters at 800/782-3452.

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Please find out more by calling Marc Banner, MPM®, at 208/377-8889 or e-mailing him at mbanner@fiberpipe.net. Marc can provide you with the details you need to make a Certification class a successful venture.

RMP®/MPM® Class Registration

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- On-site registration begins at 8:00 am. Class hours are 8:30 am to 4:00 pm.
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Cancellations must be received in writing. If cancellation notice is receive at least 30 days prior to the class, a full refund will be issued less a $25 processing fee. If cancellation notice is received less than 30 days before the class, a 50% refund will be issued. No refunds will be made on the day of class; however, the registration fee can be applied to a later class with a $25 transfer fee.

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____________	____________	$ ______
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Stress Relief

continued from page 1

body, positive energies produce life-giving and health-enhancing substances — physically and mentally.

The following are three tools to use daily to reduce a stress response in your body and mind. Cultivate them as part of your daily routine to enhance your life.

Belly Breathing: Pick four times a day to take a few deep breaths (e.g., upon waking, before lunch/dinner, before going to sleep). First, exhale. Then, gently breathe in through your nose into your belly. Notice your ribs gently expanding. Then, very naturally, release the breath. Do this four or five times, focusing on the vitality you breathe in with each breath.

During the day, if you find yourself facing a stressor, take a moment and belly breathe four or five times before you respond. Eventually, this practice opens up your breathing and energizes you with every breath. As you encounter a stressor, it will break the automaticity of the stress response. Why? You cannot breathe openly and be stressed at the same time. You can also give yourself an "energy bath" by focusing on your breath for five or 10 minutes — an instant refresher when feeling fatigued.

Eye Relaxation: Your eyes are the first place to reflect stressful emotions when you sense impending danger. Your eyes put your organs and glands on alert and are also "looking out" for threats. As a result, the eyes contain a lot of tension that seeps into the muscles of your face, especially the jaw, and into the neck and shoulders. This tension impedes the flow of energy between the body and mind.

Throughout the day close, relax, and gently massage your eyes with your fingertips. (If you have contact lenses, close your eyes and let them rest, silently directing them to relax and release the tension.) As the holding and tension releases in your eyes, the result will impact on 80% to 90% of the muscles throughout your body. Also, lightly tap around your temples, eyebrows, jaw, and chin.

The Inner Smile: This ancient healing technique is one of the most powerful in mastering the mind/body's response to stress. Begin by smiling "inside." First, feel the smile around your eyes, and then direct the smile to the different organs and muscles of your body — to your neck, spine, and bones. Smile at your lungs, heart, and all your internal organs. Smile at your brain and nervous system. Direct the smiling energy sending healing and love to any area where you feel imbalance or discomfort.

Use this tool throughout the day, on line at the cash machine or supermarket, while on the phone, at a stoplight, in business transactions. With this daily practice, you will be radiating a continuing stream of healing energy throughout your own body, enhancing your own health, happiness, and well-being. In addition, this healing energy will radiate to others around you — a gift of comfort for those caught in their own everyday stresses.

Dealing with stress does not have to be stressful. These stress-reducing techniques are simple, yet research and experience show they are powerful ways to change your own experiences and bring healing and wellness to your body and mind.

Peter G. Vajda, PhD, CPC is a certified personal coach and healer. Catherine L. Vajda, DMin, is a professional healer, counselor, and core energetic therapist. Their company, SpiritHeart at Work (Atlanta, GA), supports groups, couples, and individuals to experience wellness through mind/body/spirit integration principles and practices.