

Residential Resource

May 2004

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The Mission of NARPM is to support professional and ethical practices of rental home management through networking, education, and certification.

Sellers and Landlords Need to Disclose Lead-Based Paint or Face Fine

by Stuart Lieberman

Whether you are selling or renting property tainted with lead paint, you may have a duty to make that fact known. Failing to disclose can result in civil or criminal liability.

The U.S. Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD) jointly enforce a law called the Residential Lead-Based Paint Hazard Reduction Act. This law was enacted in 1992 and requires the disclosure of lead-based paint in residential sale and lease transactions. It applies to properties that were constructed before 1978.

Under the law, the failure to comply may result in thousands of dollars in fines. The EPA and HUD are carrying out their own independent enforcement actions and they are also working together in certain cases. The HUD and EPA have engaged in various enforcement actions throughout the United States.

In addition to civil actions that could be filed in Court, there are administrative enforcement actions that can be filed by either agency. These cases are often settled with fines as well as agreements to comply with the law from the date of settlement forward. Additionally, lead removal is frequently required in order to settle the case.

Sale transactions require the inclusion of an informative pamphlet that can be provided by the federal government. In addition, sellers must disclose the presence of lead-based paint or lead-based paint hazards and must disclose the existence of available records or reports.

The law also requires that purchasers be provided a period to conduct a reassessment or inspection of the paint and must include certain information in the real estate contract.

Likewise, landlords must also provide the same information pamphlet and must disclose the

lead paint and lead paint hazards to tenants. Certain educational and informative information must be contained in the lease to make sure that tenants are informed.

Recently, an Oregon landlord was indicted on several counts of not complying with this law with regard to his tenants. Among other things, it was alleged that the landlord failed to inform prospective tenants of the fact that lead-based paint existed in the apartments. In addition, the landlord allegedly failed to take actions to properly remove the paint.

In July 2003 the EPA settled a case with a nationwide apartment management firm over similar alleged violations. The company agreed to pay \$55,000 in fines relating to a multi-dwelling apartment building. According to published reports, the lead paint was only in the facility's garage.

It is of course important that any lead abatement be properly performed. There are licensed professionals who understand what needs to be done in order to properly abate lead so that the dust is properly captured and does not present a potential breathing hazard.

Doing the right thing regarding lead contamination is not just a moral imperative. It is also a federal requirement. Property owners, including landlords, have a legal obligation to not only address lead contamination, but also let prospective purchasers and tenants know that the problem exists. Failing to do so can place a property owner in an abundant amount of legal hot water.

Stuart Lieberman and Shari Blecher are partners in Princeton's Lieberman & Blecher. Their law firm specializes in environmental law and also focuses on land uses, real estate, and toxic tort litigation. The firm's Web site is www.liebermanblecher.com.

PRESIDENT'S MESSAGE

Dear Fellow NARPM Members:

Welcome to spring in NARPM. What does spring mean to you? It means many of you have attended a state or regional conference and had opportunity to interact with your fellow property managers statewide and possibly to work toward that professional designation still awaiting you and receive continuing education while participating. I have met or will meet with many of you at the state conferences in Colorado and Texas and this month in Washington and Florida. I am always so humbled by the warmth and openness that prevails everywhere in our association. It certainly makes one grateful to be in a leadership position for such an outstanding group of professionals.

What else does May mean in NARPM? Soon you will have the *2004 Directory* in hand. Remember to make good use of this powerful tool. This is your database and library of consultants in the industry awaiting your call. Make your referral business count by selecting a manager who has attained a professional designation and let your new business partner know why you have selected him/her. Remember to support our affiliates as they support us.

Business in spring often picks up throughout the country as travel gets easier and tenants and owners begin relocating. Are you noticing more activity in renting now, as we are in California? Being able to budget for additional income will give you an opportunity to start planning to attend NARPM's hallmark educational event, the national convention in Baltimore, MD, September 22-25, 2004. The workshop and national speaker selections are amazing this year as Rose Thomas, MPM®, convention chair brings together her able subcommittee chairs of Karen Hull, MPM®, and Cindy Van Mater, MPM®, to finalize all the planning. Plan on hearing a lot of "quacking" about the Presidential Tour.

We are currently working to remodel our Web site. We hope to have it up soon so please keep an eye out. NARPM's goal in updating our site is to provide a better avenue for information dissemination to our members and to the public. Once it is up, take a tour and be pleasantly surprised. Even better, let us know what you found to be especially helpful or what you might consider a good suggestion. We will continue to upgrade as needed in order to meet the needs of NARPM members.

NARPM is also investing some of our reserves into raising our public image this year. The Marketing Committee headed by Robert Winger, MPM®, is leading the way in selecting a professional firm to assist in this effort. Plan to see NARPM's name popping up more often as we commence a branding effort. Do not forget your part in this, display your NARPM membership sticker prominently. Our goal is to get more business in your door by making our association more well-known in the community.

Last, but certainly not least, spring is coming to Hawaii in the form of a blooming presence of NARPM. The first annual Hawaiian State Conference is happening on Oahu as the newest and largest contingent of NARPM members discover the great advantages of coming together for education and good times. Mahalo to all those involved in the effort.

Happy spring, and thank you again, NARPM, for allowing me to represent you this year—it's been great fun "Opening New Doors" as you provide the keys!

Andrea G. Caldwell, MPM®
NARPM President



NARPM President
Andrea Caldwell

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Show Your Professionalism and Grow Your Business with Your Designations!

by Beverly Browning, MPM®, CPM®

Contracting with new owners is a necessary part of all of our businesses. The key is to not only set ourselves apart from our competitors, but to also establish in the minds of prospective owners that you are the property manager for them. The big question is how can we achieve this without spending countless hours giving away our expertise in the hopes that these owners will choose us instead of someone else?

Dave Holt, MPM®, CPM®, is a long-time NARPM member who uses the most underutilized, but most powerful, marketing tool, which helps him to generate one to two new owners every week—designations. Best of all, it's available to every NARPM member!

Dave reports that he tracks specific information on every new owner. One question he always asks his new owners is why they decided to use R.P. Management Inc., CRMC®, as opposed to another company. Approximately 90% say it is due to one word, "professionalism."

If you think about it, as residential property managers we are managing one of the most expensive investments people have. On the front end, no one has any idea how Dave's company or any other company will manage this valuable investment for them. Dave's goal is to generate credibility as fast as he can. If he hasn't yet had the opportunity to demonstrate how well he can manage the property, he feels he wants to give the prospective owners as clear of a picture as he can as to the type of company he operates.

Dave helps paint this picture for the owners in many ways. It is not only necessary to have a nice office, attractive marketing materials, and organized presentation materials, but he also helps to make it clear to the owners that he is a professional by having all of his designation plaques on the wall of his conference room. Dave has all of his owners come to his office so that they can specifically see that he is a true professional.

Even though owners may not know exactly what either the MPM® or CRMC® means or what Dave had to do to get them, they do know that there is a certain level of advanced training with any designation. Most people place a higher value on this advanced training and are willing to pay the price for it. Those owners who are just shopping around for the best deal are not necessarily the owners you want as your clients. Once you have your designation and can proudly display your plaques on the wall, it puts you in a position to ask for and get the fees that you charge, even if these fees are higher than your competition. You can get the higher fees because you are the professional! You have set yourself apart from the others. This confirms just what the recent NARPM survey revealed—NARPM members make more money than property managers who are not members.



Dave Holt was one of the first to receive his designations through NARPM. As soon as the designations were available, he went after them. Dave's office was the second office to receive the CRMC® designation, and Dave received his MPM® designation back in 1994 as the 16th MPM®. Dave is a firm believer in receiving designations. He has also earned his CPM® designation from IREM. Although all the designations help to demonstrate Dave's professionalism, he finds that the education and training gained through earning his MPM® and CRMC® much outweigh the training he received from earning other designations. The training gained from earning the NARPM designations is specific to the management of scattered site residential rental properties, which is Dave's area of expertise.

For those of you who do not know Dave Holt, you are missing out. Dave truly is a Master Property Manager and a master of marketing. Dave's use of his designations to promote his business has served him well, as he has been in the business since 1987 and manages approximately 500 single-family and small residential properties.



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AUTOMATICALLY TRACK PROPERTY ACTIVITY. The number of hits displays right below the property address every time tenants look at the properties' pictures. You and your owners know your advertising is working; excellent tool to encourage rental price decreases.

EARN MONEY ONLINE. Convert appraiser calls from a time consuming bother to an automated source of income. Appraisers pay for access to your list of rented properties. After three calls a month your Web site is earning money not costing!

AUTOMATE VACANCY MANAGEMENT. The private admin page tracks for rent signs, lockboxes, pictures and automatically tracks days on market, hits, start rent, current rent, and showing history. Scheduled showings automatically display below the property address and clear when the date is past. Owner/tenant contact information displays along with an automated reminder to call the owner.

Call Don Hay: 916-624-4000; Toll free 1-866-246-7325

NEW MEMBERS

Welcome new NARPM members! The following is a list of new members who joined NARPM from March 1 to March 30, 2004.

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Electronic Banking—Cheap, Easy, and Fast

by Tom Rogers, RMP®

We have all seen the articles. Some of us have actually read them. I bet we have even talked to an e-banking vendor at a trade show. We might have been curious enough to explore the information behind the e-banking tab in the technical manual that came with our property management software. What can a residential property manager expect to gain from Electronic Banking? We really do not need change if what we are doing is working, right?

I have heard all of the reasons not to deploy an e-banking solution.

- I'm too small.
- I only have 20 rentals and that's not enough.
- It will be very expensive: Computer upgrade, high speed Internet, software, transaction charges, all very expensive.
- It will be difficult to learn. My week is full now. I do not have the time to learn a different way.

Let's start within the area that is closest to our hearts: cost. After all, aren't we all mercenaries? Your bank is the one that actually does all of the work. They allow you to use the Automated Clearing House (ACH) system under rules established by the National Automated Clearing House Association (NACHA). Your bank is charged a transaction fee by the Fed for access to this system. The fee that you are charged by your bank will vary. Fees range from a high of \$.35 to a low of FREE per transaction. This fee is very negotiable depending on your relationship with your bank. Compare this cost to the minimum of \$1 per transaction it costs to mail a check to an owner or print one and deliver it to a bank for deposit. In our business a good rule of thumb is: If you do not change the way you do business and want to add one dollar to the bottom line, you will have to add five dollars to income. It is much easier to save money through increased efficiency than it is to earn more through increased work. Your bank charges you when you give them a file that instructs them what to do with the money. Where does it come from? Where does it go to? How much? And when? This is normally done with bank-supplied

software or through the Bank's Web site. After you have initiated a transaction the bank will provide you with a statement that will show the information that the state requires you to maintain. You can use this statement to update your accounting system whether it is a manual ledger card or the most sophisticated computer system available.

At each step, whether it is debit your tenants, credit your owners, or pay your vendors, there will be a statement available from the bank that will fill in the required paper trail.

Avoiding the mail is where the initial savings occur. You would need to e-mail or fax statements to your owners to fully realize this initial savings. We went to a quarterly mailing instead of monthly. Later you will realize the ultimate savings from accuracy, timeliness, and reduced handling.

As you get accustomed to the system you will discover that having your tenants pay their rent electronically is very easy. Again, you can go with a simple lockbox system at your bank or set up a full e-commerce Web site that is integrated with your management program. There is really no need to change anything that you are doing. Thus, nothing to learn. As you get more accustomed to the system you will make adjustments. But these adjustments will be a natural progression of your business and not a required change.

Fast is not fast if you have to do it over. When you start with the correct information you will find that you can handle 1,000 rentals in the same amount of time it takes to handle 50.

OUR STORY

We started with paying our owners electronically in the summer of 1999. In 2001 we began collecting rents directly from our tenants' checking accounts. In 2002 the rules were changed so that we could convert checks without witnessing the writer's signature. In 2003 the rules were again modified so that we did not have to image both the front and back of the check. At present we do three things: Pay owners electronically, directly debit tenant checking accounts for rent, and convert checks with a scanner.

We are on the threshold of the "Perfect Property Management Company." The following actions are possible today:

- Rents paid directly to owners. Property managers and vendors paid directly from owners.
- No trust account.
- No 1099s at the end of the year.
- No bookkeeping required.
- Whole thing can be run from a Palm Pilot.
- Property managers work as property managers and not accountants.

Please check your local laws and with your financial institution to determine which actions and how electronic banking can work for you.

What about tenant deposits, you ask? Topic for another day!

Contribute to the Residential Resource

Due date for August Issue—June 15, 2004

If writing an article, please e-mail an attachment of your article in Word or text format to Jessica Jacobs jjacobs@assn mgmt.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 subject to editing and subject matter approval.

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Meet Your NARPM Leaders



ANDREA G. CALDWELL, MPM® is president of the National Association of Residential Property Managers (NARPM). She became president in January 2004 and her term of office will run through December 2004.

President Caldwell is the property manager of Century 21 Alpha, located in San Jose, CA. The firm's property management department manages single-family homes, small multifamily dwellings, townhomes, condominiums, and homeowners' associations.

President Caldwell is actively involved in all aspects of the property management department, as she is basically a one-person department assisted by part-time clerical and accounting.

Entering the real estate industry in 1977, President Caldwell has been actively involved ever since and became a property manager in 1980. She joined NARPM in 1992 and has served the association in a variety of capacities including having been a member of almost all the national committees and having chaired the national Membership, Convention, Bylaws, and Finance committees.

President Caldwell is also a founding member and past president of the Santa Clara County Chapter of NARPM (two-time winner of the Chapter of the Year award, 1998-1999 and 2002).

As an industry leader, President Caldwell has been/is an active member in several associations, including Fallon, Nevada Board of REALTORS® (president), Nevada Association of REALTORS® (regional vice president and legislative chair), Nevada Council On Libraries (two gubernatorial appointments), chair of Local Board of Library Trustees, member of St. Stephens Board of Trustees (Episcopal School), secretary of Republican Central Committee in Nevada, an elected delegate to the state Republican Convention for approximately 10 years.



ROSE G. THOMAS, MPM® is vice president of the National Association of Residential Property Managers (NARPM). She became vice president in January 2004 and her term of office will run through December 2004.

Vice President Thomas is president and founder of Property Management People Inc. (PMP), located in Frederick, MD. The firm manages various types of properties

including single-family homes, small multifamily, townhomes, condominiums, commercial properties, and community associations. In her company, Vice President Thomas is primarily engaged in human resources and as a property manager.

After founding PMP in 1980, Vice President Thomas was licensed in 1981 and has been actively involved ever since. She joined NARPM

in 1997 and has served the association in a variety of capacities including having been a member of the national Affiliate Committee, Editorial Committee chair and editor of the *Residential Resource* for 15 months, and the national secretary and treasurer. In addition to serving as this year's vice president, she is also serving as the association's Convention Committee chair for the 2004 Convention in Baltimore, MD. Vice President Thomas is also a past president and vice president of the Maryland Suburban Chapter of NARPM.

Vice President Thomas has been an active member in other organizations through the years, including the Community Association Institute, Frederick County Chamber of Commerce, and Frederick County Board of Realtors (Legislative Committee). As an industry leader, she also taught, "Independent Living," for the Frederick County Board of Education, and "Basic Property Management," at Frederick Community College.

Submit an Article to NARPM Today!

It is easy to submit. Just e-mail jjacobs@assnmgmt.com today. If you are not the author of any materials you think pertinent, send us the Web link, or fax a copy along with publication information so we can pursue reprint rights for use of the materials.

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Cool Off Before You Burn Out

by Tracie Harris

WHAT IS BURNOUT?

Do you suffer from any of the following?

- decreased communication/withdrawal
- poor job performance
- low job satisfaction
- physical or emotional exhaustion
- aversion to change/general inflexibility
- apathy and cynicism

Any of these items could be a sign of burnout, or oncoming burnout. Burnout begins with excess and prolonged stress, which then can produce a strain on the individual (tenseness, irritability, tiredness). Burnout occurs when the individual copes defensively, using apathy, cynicism, or rigidity.

Avoiding burnout is about staying well and taking care of yourself. Most companies do not offer antistress programs, so it is usually up to each individual to look after his/her own physical and mental well-being.

All of us, thanks to technological advances in the workplace, can work harder and do more faster. About the only thing in the office that has not been upgraded is the employee. Doing more than ever before, individuals in the workplace have to face up to the possibility of job burnout—when your job does not feel like fun anymore.

Burnout does not happen overnight. Over time, stress accumulates and builds until it leads to exhaustion, withdrawal, and eventually apathy. When you lose your energy and motivation, and start to feel paralyzed—not knowing what to do about it—you may be on your way to burnout.

You might suffer from burnout if you notice any of the following: being angry or short-tempered with coworkers; blaming your dissatisfaction or annoyances on things and people around you; isolating yourself from your office-mates; experiencing feelings of depression; developing a dependence on food or alcohol. Other, more physical symptoms can include headaches, an increase in blood pressure, and any sort of chronic illness. Stress can, quite literally, make you sick.

Unbelievably, responses can range from workaholic tendencies, to someone simply showing up day after day, shuffling papers, and having no interest in his/her job at all anymore. Many who experience burnout were highly productive when they were originally hired—in fact, their tendency to take on too much adds to their stress level, which they then have difficulty managing, which leads to burnout.

Perhaps the worst part of burnout is that it can (and likely will) affect many areas of your life—not just your work life. Left unaddressed for prolonged periods, it can lead to general depression and overall feelings of apathy.

ARE YOU OVERSTRESSED?

You can complete a quick stress evaluation at <http://www.aafp.org/fpm/970300fm/balance.html>. But most people recognize when they are feeling the symptoms of stress in their lives without being told. What most people *do not* always recognize, however, are the causes of their stress and what to do about them.

Unfortunately, family and the home—ideally the haven from the stresses of work—can often compound the problem by placing further demands on the individual who is already burning out. Coming home from a hectic workday full of demands to a house that requires cleaning, children that require feeding, and a spouse who deserves some attention, can become

overwhelming. Like the straw that broke the camel's back, the stressed individual has so much responsibility that she simply collapses. She becomes paralyzed and loses her ability to prioritize so many important tasks and demands coming from so many different life directions.

Because doing a good job for others is important to her, the first sacrifice on her list of priorities is often her self. Who can take time for self when she has so many obligations toward others? And yet, it is precisely the lack of self time—of a method of releasing the building pressure of stress—that only makes things worse. In an effort to meet the demands in all areas of life, she cuts the nonessentials, the niceties—not realizing they are actually a necessity for her long-term well-being in all of her other areas.

THE NEED TO NURTURE THE SELF

The late author and professor Joseph Campbell, during an interview, once described the need for relaxation and quiet time in our hectic modern lives as follows:

This is an absolute necessity for anybody today. You must have a room, or a certain hour or so a day, where you do not know what was in the newspapers that morning, you do not know who your friends are, you do not know what you owe anybody, you do not know what anybody owes to you. This is a place where you can simply experience and bring forth what you are and what you might be.



CERTIFICATION CORNER

by Suzanne Reeder, MPM®, NARPM Certification Chair 2004

The Certification Committee is pleased to announce the following new candidate. Good luck!

RMP® CANDIDATE

Chesley Karr, Bruni Karr Agency, Albuquerque, NM

This is the place of creative incubation. At first you may find that nothing happens there. But if you have a sacred place and use it, something eventually will happen.

Denying ourselves a sanctuary in life, where we can truly shed all stress and pressure, will result in decreased mental, and physical, health.

Burnout can even cause productive, valued employees to feel unworthy in their positions, simply because their enthusiasm for the work wanes. When we no longer love what we do, it is hard to feel as though we are giving our best effort—because we truly are no longer able to do so. But by dealing constructively with our stresses, we can alleviate those feelings of being overwhelmed and begin to enjoy our jobs and our lives again.

DEALING WITH STRESS

Although a difficult thing for many of us, starting out by eating right is a foundation of well-being. Try to make this easier by keeping a bowl with fruits, raisins, nuts, and other healthy foods readily available for times when you feel like snacking or do not have time for a well-balanced meal. Other simple basics that many of us neglect include making sure we get sufficient sleep and adding some form of physical activity to our weekly routine. That does not mean an hour at the gym three times a week, if you know that realistically you will not adhere to that routine. Just a daily morning or evening walk, or a brisk walk on Saturdays and Sundays at a local park or even around your neighborhood can get you out and moving and provide you a change of scenery on a weekly basis.

When planning any physical activity changes in your routine, try to honestly evaluate your limits—mental as well as physical. Do not commit to three nights at the gym when you know you hate to exercise. Just plan that brisk (or leisurely, if that is the best you can do) walk. The point is to do something you can enjoy. If you attempt the gym, and you cannot keep the commitment, you could end up feeling disappointed in addition to being stressed. The objective is not to burden yourself with another responsibility—another commitment you have to maintain. Make changes you know you will enjoy and you know will be easy for you to maintain. Having fun is the key.

Consider taking up breathing exercises, or meditation. Start a reading period where you can sit quietly and focus on a good book for a few hours per week. Visit your local book store or library—places that are generally very quiet—and just browse at your leisure for an hour. Go window shopping while you walk at the mall. Take a hot bath or long shower with an aroma-therapy cleanser and a scented candle. Just remember to create relaxing time alone to quiet all of life's noise and bustle. Clear your mind. We get so used to the commotion all around us, that we do not even notice it is there until we are alone in a relaxed environment and experience some real peace and quiet. Drink a cup of your favorite flavored tea or decaffeinated coffee before bedtime. Take the hour (or two or three) each night that you watch television, and replace it with a personally enriching activity instead. Do not reach for the remote, reach for your community calendar. Visit your local museums (for just a few dollars), or make a date for yourself (and your spouse) each week or twice a month. Go to a movie matinee on the weekends once a week (or week nights if you can afford it). There are often many (free or inexpensive) events happening every evening or weekend in most cities. Sit down the

first of each month and choose a few you might enjoy. Most cities post their community calendars online at the local city site or newspaper site. Bookmark them in your browser.

The first rule of survival in life is that you are no good to anyone else, unless you are strong yourself. Instead of thinking of your personal needs as the lowest priority, and the needs of others as the highest priority, remember that you are only able to do the best job for your employer, friends, and family when you are feeling healthy and happy. The very thing we most often neglect during times of stress, it turns out, is the foundation of our ability to put forward our best efforts in all other areas of our lives. Next time you are going to be up late doing housework, let it go. Get your eight hours of sleep instead. The house will still be dirty tomorrow; but it will be much easier to clean it when you are refreshed and well-rested.

Support groups are often helpful for those who enjoy social settings, but it should be cautioned that the discussions in such groups should focus on recognition of our parts in our own stresses, rather than simply complaints. By focusing on what we do, and what we can control, we discover what parts we can affect in solving our problems or creating situational improvements. Thinking positively and constructively helps to keep us focused on our empowerment, and helps keep us from feeling powerless under the ever-building weight of pressure and stress we all experience. It is not our stress, it is how we handle it, and how we treat ourselves and let it affect us that matters most.

The way to break the process of burnout is to find ways to avert the strain of the stress. If the stress can be diverted, avoided, or effectively countered in productive ways, then the negative defenses will not be employed. Finding effective ways of coping with stress is the key to defeating burnout.

PRODUCTIVELY COPING WITH STRESS

The following is a partial list of perspectives and suggestions for positively coping with stress in our lives. Keep these in mind the next time you feel like collapsing at your desk:

- Know yourself—what you are feeling and why.
- Recognize when you are stressed.
- Only try to do what you know is possible.
- Employ proper nutrition and physical activity.
- When you need help, ask for it.
- If you are tired, take a break.
- Improve your organizational skills.
- Break down large, overwhelming tasks, into smaller parts. This lets you feel your progress and accomplishment without having to wait until the completion of a long project.
- Create an active life outside of work.
- Recognize what you require.
- Think win-win.
- Assume the best motives in others.
- Listen to good advice and accept help when you need it.
- Think positively.
- Learn to balance! Balance! Balance! All stress and no relief makes Jane one burned-out employee.

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Cool Off Before You Burn Out

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HELPFUL RESOURCES FOR COPING WITH STRESS

The following is a partial list of resources to help you handle your stress more productively, or avoid it altogether. Bookmark these sites if you find them useful:

- <http://stress.about.com/b/a/047645.htm>
About.com offers forums hosted by knowledgeable moderators on a variety of topics. At the stress page, you will find a qualified hostess, articles and links about stress, resources for coping with stress, and a forum full of members who are ready to share in antistress support.
- http://www.stcwc.org/galley/0209/b02self_home_work.htm
This link offers an excellent article filled with practical tips on self, work, and home management.
- <http://www.realage.com/>
Realage.com offers tips on better health and nutrition strategies. Whether you are devoted to a gym or would just like some suggestions to improve your diet, this site offers a positive resource for health improvements on every level.
- <http://www.coping.org/growth/stress.htm>
Coping.org provides articles, short tests, and tips to avoid or reduce stress.
- <http://www.oakstonewellness.com/>
Destress your whole office! Visit this site and select the "Stress Management" link at the left. Here, you can order relatively inexpen-

sive antistress brochures, posters, and literature for your office. Just having this material around could cause the entire staff to be more aware of the importance of not oversteering.

- <http://www.stretcher.com/index.cfm>

Since financial concerns are a common source of stress in many people's lives, this site offers solutions to financial problems, and tips to organize and improve your financial life.

REFERENCES:

Preventing burnout by Peter Hosking SJ: <http://home.vicnet.net.au/~cardoner/uniya/un5su08.html>

Burnout by Gilla Brunt: <http://www.corporatetraining.co.za/news3.htm>

Nurses and Burnout by Valerie J. Nelson: <http://www.nurseweek.com/features/97-2/burn.html>

Are You Experiencing Burnout? by O. Chris Igodan and L.H. Newcomb: http://www.joe.org/joe/1986_spring/a1.html

How Close are You to Burnout? By Janine Latus Musick: www.aafp.org/fpm/970400fm/lead.html

Tracie Harris has managed the publications department of Association & Society Management Inc.—NARPM's management company—since 1997. ©2004



Rentals In...

Check out the **RentalsIn** website for your area. Just type RentalsIn, then your city name, then .com – like RentalsInDenver.com, RentalsInDallas.com, or RentalsInAtlanta.com.

I Don't Have Enough Time

by Wendy Hearn

How often do you hear yourself saying you do not have enough time? Even if you are not saying it out loud, I bet you think it. "I wish I had more time" or "there's never enough hours in a day" are statements voiced every day by most people.

It's a fact of life that there just is not enough time. There never has been and never will be more than 24-hours in each day. So, why can some people achieve more in less time? I suggest one of the reasons is attitude of mind.

The greatest revolution in our generation is the discovery that human beings, by changing the inner attitude of their minds, can change the outer aspects of their lives.

—Author and Philosopher, William James.

While you have the attitude of mind that you do not have enough time, your actions will support this. When you approach things with the attitude that you do not have enough time, whether true or not, you will find this to be so. What you think, will be revealed in your life. You can however choose to change your attitude of mind.

People who feel they have enough time to do what they want and time does not rule their lives, have mastered this attitude change. Telling yourself you do not have enough time can be purely an excuse. It is often easier to say there is not enough time than to see what this excuse is covering up. It may be concealing the fact that you are not willing to think it through further, you may not know or be willing to communicate the real reason, or the excuse of not having enough time just trips off your tongue. Using time as an excuse in this way often leaves us stuck; it does not open up the opportunity to explore what you can do about it.

Let us take the example of Colin who says he does not have enough time to spend with his family. First, it may be easier for him to stick with his excuse than to look at how much time he wants to spend with his family, and consider what would they be doing, sharing, experiencing, and learning. If he starts to look at this aspect, this may require him to change, and for most people, change feels scary. Saying "I do not have enough time" is an easier option. If Colin is totally honest with himself, he may

find he does not want to spend time with his family doing certain things and for whatever reason, feels unable to tell them this.

Not having enough time is an acceptable excuse for most people nowadays. However, you need to be aware that this may be keeping you stuck in many areas of your life and business. This excuse of not having enough time stops you from exploring opportunities. It's also a way to keep busy and really believe you do not have enough time. The mental energy that is used up in thinking about not having enough time, could be used to free up extra time.

When you are totally focused on the task you are doing, you will achieve things much more quickly. Focused attention allows us to achieve more. As I mentioned earlier, it is your attitude of mind that counts here and when you start thinking "I have more than enough time for all I want to do," you start opening up the possibilities. This attitude allows you to focus and not waste time. It also puts you into a frame of mind so that you look for ways to find this time. When you approach a task with the attitude of having more than enough time for everything else in your life, the task is likely to be completed much more quickly because your attention is focused and less thought is wasted.

When you hear yourself say "I do not have enough time," I encourage you to stop and reflect for a few seconds to consider what really lies behind this excuse. Then turn it around to "I have more than enough time," and see what that allows you to do.

Wendy Hearn is a Personal and Professional Coach. She works with business owners, professionals, executives, and managers who are ready to enrich their lives—finding more success, fun, balance, joy, and time. She coaches one-to-one with individuals and groups by telephone and e-mail. E-mail her at wendy@Business-Personal-Coaching.com. View her Web site at: www.Business-Personal-Coaching.com. Copyright 2002, Wendy Hearn. All rights reserved.

AFFILIATE MEMBERS LISTED BY SERVICES

Business Products:

Landlordsource.com
Oliphant Financial Corporation
Paychex Inc.
Peachtree Business Products
Professional Office Services of ID Inc.
Starker Services Inc.

Internet Tools:

123Rentahome.com
Escapia Inc.
Homepaiges
HomeRentalAds.com
HomeRentals.net
Lease Place Inc.
Rental Home Investor LLC
RentClicks.com
Runzheimer International Ltd.

Legal Services:

Law Offices of DeMartini & Walker
Law Offices of Heist, Weisse, & Lucrezi P.A.

Maintenance:

Building Specs Inc.
EnviroCare Inc.
Handyman Matters
OnSite PRO Inc.
Power Lift Foundation Repair
Sherwin-Williams Company
Tankless Hot Water

Marketing:

Home Management Network LLC

Software:

EFC Systems
Logicbuilt Inc.
London Computer Systems Inc.
PROMAS Landlord Software Center
Property Automation Software Corp.
Tracker Systems
Winning Edge Software Solutions
Yardi Systems Inc.

Tenant Screening:

700Credit Inc.

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

Two Sides to Every Coin: Sexual Harassment from Landlord and Maintenance Perspective

by Nadeen Green, Senior Counsel with For Rent Magazine®

Fair housing and sexual harassment? Do they really have anything to do with one another? Absolutely they do, and the courts continue to expand on the connection.

HOUSING LAW RECOGNIZES TWO TYPES OF SEXUAL HARASSMENT CLAIMS:

- a “conditioned tenancy” or “quid pro quo” claim, which in non-legalese means making a sexual demand on a resident in order for that resident to get needed maintenance on the apartment, to get a rent concession, or to avoid an eviction; and
- a “hostile environment” claim, which can give rise to claims concerning the psychological well-being of a resident who can demonstrate such a situation.

Furthermore, fair housing law has been broadly applied to define sexual harassment as a violation of the Fair Housing Act prohibition against sex discrimination. And, of course, the FHA provides for significant financial punishment and penalties for violations. So in theory, sexual harassment within the context of the landlord/tenant relationship can be financially costly to the landlord.

And if the fear of losing vast sums of money is not a motivating factor, what about jail time? Some creative lawyers and advocates are now going beyond the fair housing arena. One idea is to charge landlords under laws related to prostitution. How? With the argument that requiring sex for rent or other benefits is in effect a coercion into prostitution. And some fair housing lawyers have worked to have landlords charged with criminal battery, as well as for violations of sexual predator laws. In fact, one landlord was successfully convicted of the latter.

Now, one might think that perhaps this is an issue with the “smaller” landlords, those that we refer to as “mom-and-pop” owners and landlords, and sometimes that has been the case. Just look at what some residents have been subjected to:

- A wife and husband rented a house under the Section 8 program; the wife was allegedly told that if she wanted to keep the rental, she would have to have sex with her landlord once a month; and the landlord supposedly threatened to shoot the husband when he complained.
- A landlord went to a resident’s apartment to clean spots on the rug; as he left he placed his hand under her shirt, fondled her breast, and attempted to kiss her; the resident rejected these “advances” and was subsequently evicted; these liberties cost the landlord more than \$36,000.
- Similar dollars were spent by yet another landlord who began calling one of his residents, asking her out, and coming to her apartment at all hours of the day and night; he went as far as to enter her bedroom while she was asleep and threaten to change

her locks if she did not do what he wanted; after she filed complaints, he removed her front door, turned off her heat and hot water and threatened to blow up the building with her in it.

- But larger and therefore supposedly more sophisticated landlords have also engaged in wanton and improper behavior, including one in California. In that case 15 single women (and 25 children) were verbally and physically harassed by a resident manager who asked for sexual favors, grabbed their breasts, entered their apartments in the middle of the night, and tampered with their mail. The well-organized women with documentation in hand went to the property owners and were ignored. They were not, however, ignored by the legal system, as their settlement was for \$1.65 million in a case where the defendants included the resident manager, the property owners, the management company, the president of the company, and a general partner.

No one in your organization should abuse the power that they have over residents. You should have a sexual harassment policy in place, and then you should train all of your staff on a regular basis. You should respond to even the merest hint of sexual impropriety, investigate, take action as necessary and communicate to all involved, all the while as you document, document, document.

But wait! Isn’t this article about the “two sides to every coin” as to sexual harassment? Absolutely! Because while there are those in our industry who would abuse their positions, the more likely scenario is that your staff will be the victims, not the victimizers. As an industry we have actually recognized this for our leasing agents, and many companies have policies in place to better protect these professionals in the scariest of their job requirements: going into empty apartments with strangers. But fewer companies have addressed the issue for maintenance professionals, notwithstanding the scariest of their job requirements: going into occupied apartments when the residents are home. Perhaps this is because of a double standard: more leasing agents are women, while more maintenance professionals are men, and we seem to think that sexual harassment does not bother them (or believe that they enjoy it). But sexual harassment by definition is unwanted attention, and for those willing to listen, our industry’s maintenance professionals have stories to tell and ideas to share about how their workplace can be made safer.

So, with a tip of the hat to all of those maintenance professionals who opened the eyes of this author and shared their stories, here are the ideas that they have on this very topic.

Consider a policy encouraging and allowing maintenance professionals the opportunity to leave a unit at any time that they believe the situation is inappropriate. If a resident is making comments or making gestures or touching, or if the environment itself is threatening (hardcore porn video being played, as a real-life example), no employee should have to stay and take it.

In return, the maintenance employee should be required to immediately notify management of the scenario and advise management that he (or she) has left the unit and why.

Respond to the input from your maintenance professionals that they are uncomfortable with a particular resident, and either send someone else to complete work orders, or send someone to accompany your employee.

Insist that no maintenance professional will ever be in an occupied unit unless there is a written work order (emergencies excepted—fire and flood!). If a resident entices your employee into the unit and the employee does not respond as hoped for, that resident is likely to contact management and accuse the employee of wrongdoing. Without a written work order, your employee could be in a most dangerous situation.

Make it clear to residents and maintenance professionals alike that unless there is an emergency (fire or flood), no maintenance professional will be alone in the unit with someone's minor child. To

require otherwise is potentially to have your employee's professional and personal life ruined.

A wise landlord will consider these ideas and develop a written policy to incorporate them. Why? Well, actually, there are three reasons. First, it is the right thing to do, is it not? Second, if the first reason does not motivate you, then how about this: your failure to protect your employees from sexual harassment (or worse, to expect them to take it) can result in you being sued by your own employees! And finally, industry surveys consistently show that your number one resident retention tool is your professional maintenance staff. And isn't it just good business to protect your assets?



"Fair Housing Focus" is written by Nadeen Green, Senior Counsel with For Rent Magazine® (FRM). The information contained in the article is not to be considered 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.

Ms. Green will be a featured guest speaker at the 2004 NARPM Annual Convention in Baltimore.



Ambassador Program— March 2004

The Ambassador Program was designed a few years ago to reward our current members for referring new members to our organization. Who better to spread the word of the benefits of NARPM than its members? If you refer five new members in one year, you will receive an award certificate that may be used toward your next year's dues or for events for the coming year. When you achieve ambassador status and receive your \$195 NARPM credit, it can be used toward your annual dues or registration at a NARPM National Convention. It is flexible! Just follow the simple steps outlined here:

- ★ 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 period to obtain the five new members starts the day the first new membership application is processed by headquarters.
- ★ When Headquarters receives the fifth new membership application, an Award 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 Award Certificate can be used to pay NARPM annual dues, or like amount can be applied toward National Convention.
- ★ It must be used in full at the time of use and attached to your dues or registration for Convention. The value of the Award Certificate is equal to what the national dues were at the time the Award Certificate was issued. It also must be used within 12 months of the issue date.
- ★ A member can earn more than one Award Certificate per 12-month period.

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Selling, Buying, and Evaluating a Real Estate Management Business

by Ronald F. Hammond, RMP®, CCIM, RPA

Letter from the Editor

NARPM published its first Newsletter in 1989 and since then has been providing members with information vital to the heart of property management issues. We have been lucky to have some very talented and notable authors. This is evident in the fact that you, the members, continue to request their articles long after the date of publication. One member had an article make such an impact on her that she carried with her until it literally fell apart in her hands!

The 15th Anniversary offered the great opportunity to look back and reminisce about how far we have come. Because of all the requests, we have decided to give these articles their due in an ongoing series of reprints of these "best of the best" articles.

Whether you joined after the featured articles were published and did not see them, or a were a member at the time who "wishes that they had saved it but did not" be sure to check out the Five-Star Articles column. Get your scissors and your archive notebook ready, and go! Be sure to make backup copies of articles you really like because you never know how worn the piece might get over the years.

For our first column we have decided to start with the highly requested three-part series on buying, selling, and evaluating a real estate management business by Ron Hammond. Be sure to stay tuned to this column for more great articles!

Enjoy!

PART 1—DO YOU WANT TO SELL A REAL ESTATE MANAGEMENT BUSINESS?

This is the first in a three-part series on selling, buying, and evaluating a real estate management business.

At the 1999 NARPM California State Conference, Mr. Wallace W. Berry, CPM®, (owner/broker of A.B.E. Business Realty Service—a company that specializes in the sale and acquisition of real estate management businesses) conducted a seminar on this subject.

REASONS FOR SELLING

There may be many reasons why a property manager would want to sell the business and they will all affect the type of buyer and terms one can expect from the sale.

One of the basic motives occurs when an owner has reached a "growth plateau," which means further growth will require a substantial outlay of funds for additional computer hardware and software, more cost for staff, and additional facilities and equipment.

If the property manager decides to sell rather than take on the expansion, his business could be more attractive to other property managers

who are past that plateau and can absorb those costs without major additions to their staff or facility.

A second reason for selling would be that the property manager has discovered that his/her talent and time are better utilized in other areas of real estate. This may happen when the property manager, who may also be a successful salesperson, realizes that being a property manager siphons off valuable time that could better be used to list and sell real estate.

Finally, there may be personal reasons for selling, such as retirement, health issues, moving to other parts of the country or just plain burn out. The sale of any personal service business can be lengthy, so one should allow at least six months for the process. That should be enough time to get the word out, find the best buyer and conduct the negotiations.

FAIR MARKET VALUE

Once a property manager decides to sell the business he/she must establish the "Fair Market Value." Property managers, like most sellers, usually set too high a price on their business. They erroneously believe that what the business is worth to them is what it should be worth to someone else. This is not necessarily so.

Many sellers are not aware of what the buyers are looking for. They do not know, or choose to ignore, that buyers are basically only interested in three things:

1. What is the gross income?
2. What is the quality of the portfolio?
3. What is the duration of the contract?

Remember, in the management business, contracts involve a fiduciary relationship and personal service element that is not always transferable. If the accounts are nontransferable, or are cancelable, they are worthless to a new buyer.

There are basically two methods used to establish the fair market value of the real estate management business. They are the capitalized earnings and gross revenues methods. A study based on the sale of over 120 property management companies was done in the mid-1980s and will be discussed in part III.

PROCURING THE BUYER

Once the decision to sell the business has been made, the property manager must deal with the ordeal of finding the potential buyers, evaluating them, and selecting the most qualified. The buyers of real estate management businesses often come from the ranks of the real estate managers. This point is pertinent because advertising to the general public would be of little value. Therefore one should target owners of other management companies by using trade publications; contacts made through real estate associations and real estate management organizations, vendors, and others who work with real estate management companies.

Confidentiality becomes a great concern during this period, as most owners do not want their clients, employees and associates, vendors, or competitors to know that they are selling. This is where the services of a business opportunity broker may be useful. When qualifying the prospective buyer, there are three important areas:

1. Financial: Does the buyer have net worth to perform?
2. Experience: Does the buyer have the background to manage successfully?
3. Reputation: Does the buyer have the character to operate and expand the business in a sound and ethical manner?

The way one evaluates these areas will differ for each individual but should be complete enough to feel comfortable about entering the next phase of the process; negotiating the sale.

THE NEGOTIATION

At this point, the buyer and seller have a good idea of what the other is like, and have most likely developed a degree of trust. It is extremely important from this point on that the lines of communication remain open.

The main subjects that now need to be determined are:

- Terms and Contingencies: Down payment, term and rate on not, adjustment for loss of accounts, and other contingencies.
- Noncompetitive agreement: How long will the seller stay on to assist, and how long will the seller promise not to compete?

- Indemnity Agreement: A hold harmless provision to protect the seller from expenses and other problems after the date of the sale.
- Taxes: The seller will need to consult with their accountant to review the tax consequences of the sale and allocation of purchase price in terms of assets and goodwill.
- Clearances: The parties need to arrange for certificates from the state covering employee benefits and employment taxes.
- Assignment of Management Contracts and Other Documents: There must be a final review of the management contracts to see if they contain any restrictions on assigning them to a new buyer, and if so how to overcome them.

The necessity for professional assistance in the buying and selling process of a real estate management business should not be overlooked. One should definitely seek the advice of their attorney, accountant, business broker, and others familiar with the transfer of the business. A good business opportunity escrow officer would also be recommended to handle the numerous details of sale once the agreement has been achieved.

Ronald F. Hammond, CCIM, RPA, RMP®, is the broker/CEO of Hammond & Hammond, Inc., a professional real estate management company in Chatsworth, CA. Ron has been a member of NARPM since 1998 and a licensed Real Estate Broker since 1981. Ron is a nationally recognized leader in the real estate management field and is regularly consulted by attorneys and the media for his input on matters relating to real estate management. Ron is a certified landlord/tenant mediator and recognized as an expert witness in the real estate management field by the Superior Court of California. Ron is currently a MPM® candidate and a past president of the North Los Angeles Chapter of NARPM.

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The Remote Control

by Mike Anderson, HomeRentals.net

No, this is not an article on changing the channel while reclining in your easy chair. It is, however, about a technology that can increase your convenience as a property manager while maintaining your sanity. Remote control and remote access describe the ability to access and/or control your office computers and data when you're not in your office—effectively enabling you to do your work from anywhere. A few years ago, the cell phone effectively snipped one of the wires that anchored us to our desks, remote access servers, the next.

WHAT ARE REMOTE ACCESS AND REMOTE CONTROL?

These concepts refer to the idea of connecting to your office computer systems and information from an off-site location, like your home, your wireless PDA, or even Kinko's or a hotel room. While the lines between "access" and "control" are somewhat blurred, the basic difference is that access gives you a way to load data onto the remote computer, while control gives you a way to operate an office computer from a remote system. In both cases, the goal is the same—access stuff inside your office, or a central location, while you're not there. As wireless Internet technology approaches cell phone ubiquity, this essentially provides a "location-less" opportunity to run your business.

In the olden days of the previous millennium, remote access and remote control were either sluggish and frustrating, or expensive and difficult to implement. They required either a slow dial-up connection into the office, or a special dedicated high-speed circuit. Nowadays, the Internet has ushered in a new world of technology solutions that allow for fast, economical, easy, remote solutions.

THE TOOLS AND SOLUTIONS

There are a number of different products and solutions on the market—each one serves a different need, and they are not mutually exclusive. While this is not by any means an exhaustive list, it should provide a general idea of the landscape. Always consult with your local computer geek before making an implementation decision on any of these sorts of solutions.

VIRTUAL PRIVATE NETWORK (VPN)

A VPN is a setup that allows for remote computers to connect to an office network as if they were right in the office. VPNs use the Internet as their connection, instead of the typical Ethernet cabling or 802.11 wireless signaling for computers that are in close proximity. VPNs are ideal for remote teleworkers who need an always-on connection to the office network, and who need the same access to network resources as in-office workers. VPNs can be set up quickly and cheaply, but a good VPN requires a VPN router box with security on both ends—in the office and at the remote teleworker's location.

TERMINAL SERVICES

Terminal Services is the component of Microsoft's server software that allows a remote computer to connect to an office server (a terminal server) and run the computer from a remote location. It's like plugging your keyboard, mouse, and monitor into the Internet and connecting to a Windows computer system on the other end. Terminal services will run on almost any type of remote machine (Windows, Mac, PDA, etc.), but the office must have a Windows server running terminal services.

CITRIX

Citrix is the name of the company that provides remote access solutions, but it's also the common nickname of their flagship product—Citrix MetaFrame. This is likely the most robust solution in this market, and is used primarily by larger companies who have a wide-array of platforms and systems to which they must be connected.

MetaFrame includes all the configuration and security features a person could ever want, and comes with a price tag to match.

GoToMyPC

This product, recently acquired by the Citrix company, has everyone talking. It's basically a scaled down version of Citrix that allows you to designate a host and remote computer, and operate the host from the remote location. This is an ideal solution for people who travel and want to access their office computer while on the road, or for people who want to connect and tinker while at home in the evening. It requires very little setup, and besides remote control offers file transfer and printing utilities that give you almost everything you might need from your office. It is sold on a subscription basis, like an ISP.

ENTERPRISE PORTALS

The wave of the future, an enterprise portal takes the core of your existing network and Web-enables it. You can then log on to your enterprise portal from any Web-connected computer, and using a browser you can access all the key components of your office network and file system. Enterprise portals address many of the limitations of other remote solutions, and provide a universal, low-maintenance system for teleworkers, traveling workers, and remote offices, that works well on all types of computers and operating systems.

MANAGED PORTALS

For the small business, this is the utopia of remote access. Like an enterprise portal, it Web-enables key office data. However, unlike an enterprise portal, it eliminates the need for costly in-office software and management. Instead of setting up your own portal and dealing with data management, backups, always-on Internet access, and other headaches, the portal company takes care of all this for you. You simply log on to the portal, select and post the files you wish to



upload, set access privileges, and you're done! These portals allow you to set up accounts for people in your office, and in many cases for outside clients and vendors who may need limited access to their own data. Some managed portals even provide direct integration with certain software programs, so that you can post data directly from your program to your portal. Managed portals are typically sold on a subscription basis, with the price determined by the amount of data housed and the number of users who have access.

WHERE IS THE FUTURE?

If we gaze into our crystal ball, we're likely to see portals as the norm in a few years. Enterprise portals will be used by large companies with lots of different kinds of data in many locations, and managed portals will be used by small companies with less disparate needs. The ideal solution for most small businesses, including property management, is vertical-market managed portals. These are managed portals that are specifically designed around a vertical industry. In property management, we deal with three types of data (accounting, maintenance, and communications) and three types of people (owners, tenants, and vendors). The ideal vertical managed portal for this industry considers those factors, and is designed around effectively storing and providing access to the pertinent data for these people. In the future, these portals will provide all the remote access we need, while remote control may slowly become unnecessary.

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

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Errors and Omissions Insurance and the Property Manager

by David Kidd

Within NARPM'S membership, there are a number of managers who carry Errors and Omissions (E+O) insurance, and yet quite a number do not. This article will help you better understand what this coverage is and how it might benefit you.

The North Los Angeles NARPM Chapter held a special workshop recently on E+O insurance instructed by Joel Meskin, Esq. He is a lead underwriter for IHG Insurance. IHG specializes in insuring community associations and property managers. The following is a summary of that meeting.

Here are typical claims covered by the Property Manager Error and Omissions Insurance Policy:

- mismanagement of a property claim brought by the property owner;
- failure to process an eviction notice properly;
- personal injury claims including libel, slander, or other defamation;
- inadequate background checks while tenant screening; and
- inadequate record keeping.

Often times, managers fail to realize the above problems are not typically covered by a Professional Liability Policy. A liability policy is used for bodily injury and property damage claims (slip and fall).

The most common forms of E+O claims are for discrimination and harassment. For discrimination, most E+O insurance carriers will cover only the manager's defense costs and not the potential damages. Damages are covered on many other issues, but reading the fine print is critical, as these policies do vary a lot.

It is beneficial if your management agreement requires the owner to indemnify you. However, depending upon the wording of the agreement, a manager may have to pay his own defense and then go to the owner for reimbursement. Some possible problems with this are that the owner might not have the funds or perhaps the manager is not covered as an additional insured on the owner's insurance policy. Today fewer insurance companies allow the additional insured coverage on an owner's policy. Also, going to the owner for reimbursement of your defense could destroy the business relationship.

Mr. Meskin shared that in many states a "general indemnity" provision will not extend to the property manager's active negligence. He suggested NARPM chapters hire a good local attorney to ensure the management agreement protects members as best possible. He also added that most E+O claims are frivolous and the bulk of the costs are in the defense of the case. Of course, you cannot depend on that!

What can you do to minimize E+O claims? NARPM members know the answer to this already. Education! Our MPM® class on Risk Management is extremely helpful. Property management companies need written standard operating procedures that are understood and used by the full staff. Sponsor a Fair Housing training workshop for your chapter. We need to remember that in most of these claims, ignorance by employees or management company owners is not a defense.

Costs for an E+O policy start as low as \$1500/year, depending upon gross management commissions and other factors. Typically there is a \$5,000 deductible. IHG Insurance has an educational Web site where you can learn more: www.ihginsurance.com. They also have a good video accessible through the Web site on this topic.

Submitted by David Kidd MPM®, GRI, MBA, current president of the NIA Chapter, president of Secure One Properties, Westlake Village, Ca. David@secureonerent.com



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To register for classes, complete the registration form and mail or fax with payment to NARPM Headquarters.

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Your Tenants Are Talking Behind Your Back

by Robert L. Cain, Copyright 2004 Cain Publications Inc.

I talked to a dissatisfied tenant today. No she was not mine. I was at a vacant rental house waiting to straighten out a vendor when a lady stopped her car and asked if I was the owner of the house. I said that I was and invited her to look around.

Nothing special about that: Tenants see a "For Rent" sign, and if someone is there, they ask if they can see the place. What was instructive about this situation is that the woman said her lease was up in two or three months.

I have written before about a study done a few years ago that found that the average tenant starts thinking about moving at least 45 days before the end of the lease. This woman was at least 60 days ahead.

Your tenants are talking behind your back. They are making decisions about moving without ever consulting you. And one day they will surprise you with a note saying they are moving. It certainly should not shock you. But many landlords do not pay much attention once their tenants move in. It's as if they think "Now I've got 'em." But then their tenants just are not grateful at all, and move.

Trouble is, tenants act without ever consulting their landlords first. People move for any number of different reasons, many of which have nothing to do with us as landlords. But often we have some control over whether they decide to move or not.

You can do several things to keep tenants—your good ones anyway—happy, and not thinking about moving.

How about the woman I spoke with today. I asked her if she was for certain moving at the end of her lease. "I don't know," she replied, "I'm just checking things out."

Being naturally curious (and nosy), I asked what was prompting her to look for another place to live. Moving isn't the easiest thing to do, you know. It entails a lot of work and expense, so isn't taken lightly.

She told me she was just kind of dissatisfied with where she was. Nothing specific, she just did not think the landlord cared much. Your customers (tenants) do not know you care unless you tell them.

What might it take to get this tenant and lots of others to stay where they are?

It starts when your tenants move in. How about a gift basket or bottle of wine with a note thanking them for renting from you and hoping they enjoy their new home?

Then in a couple or three months, after they have paid the rent on time and been good citizens, how about a thank you note with a comment that you are glad to have them as tenants?

When they renew their lease, how about installing a new light fixture in the dining room or painting a decorator color on a couple of their walls?

Think any of those things would convince your good tenants that you really do appreciate them renting from you?

Here's a tenant driving around looking for a new place to live, and I will bet her landlord does not even know she isn't happy.

What can you do today to make your good tenants feel as if you care?

If you would enjoy receiving a free property management message each month please send your state/province and e-mail address to column@rentalprop.com.

Robert Cain is a nationally recognized speaker and writer on property management and real estate issues. For a free sample copy of the Rental Property Reporter call 800/654-5456 or visit their Web site at www.rentalprop.com. 2004 Cain Publications Inc.