



Who will lead the real estate industry in the next 10 years?

We will.

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NARPM® Governmental Affairs needs your 'Section 8 Story'

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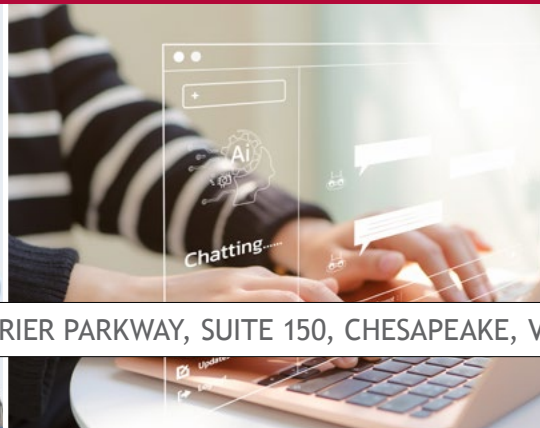
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Hot Topics: EPA RRP certification for lead-based paint

SECTION 8 STORY

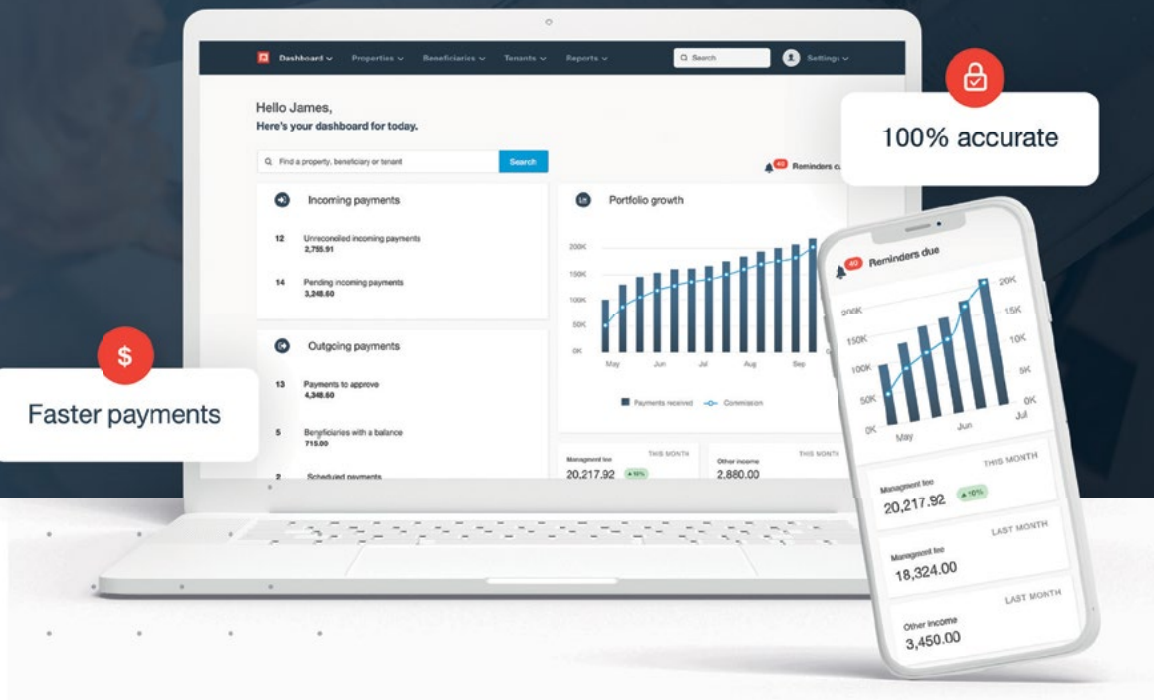
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Since 1989, the NARPM® news magazine has been a key focal point for the organization. The *Residential Resource* keeps members up to date on association events and provides valuable industry advice and insight. NARPM® members receive the *Residential Resource* as part of their membership, included in their annual dues.

The *Residential Resource* is published monthly, with occasional combined issues. Submit articles by email as a Word doc to: publications@narpm.org. You will be advised if accepted. Items mailed in for publication cannot be returned. Address changes may be forwarded to NARPM® National. NARPM® reserves the right to edit or refuse all publications for content and selection. Members are encouraged to submit articles for publication. Printed articles help earn members credit toward their designations.

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National Association of Residential Property Managers

PRESIDENT'S Message



Are you on track for 2023? What adjustments do you need to make personally or in your business to achieve your goals in 2023? Take some time and visualize what will need to be done so you can relax during the last few weeks of December and enjoy your time around the holidays.

Together, we can help our industry and community

STOP! Before we get into anything else, I want to remind you that we have one of NARPM®'s not-so-best-kept secrets coming up soon. If you've never been to NARPM®'s Legislative and Educational Conference, held in our nation's capital, you are missing out.

Last year was the first year that I attended the Conference, which makes no sense since it's right up the road from me, and I absolutely loved my time. Not only was it informative as to what is going on in our industry legislatively from a federal level, but you will learn how to create coalitions and bring that back to your local NARPM® Chapters or states to try to work at that level to move your regulators and legislators to protect the rights of our clients and customers.

Typically, it's a bit smaller than our other premier events, which means it's a great opportunity for networking, creating deeper relationships and working together to help improve our property management community. It's also just super fun! Who doesn't love rubbing elbows with those crazies in D.C.?

So, make sure you sign up if you haven't already. I promise a last-minute trip will be worth it, even if you just love the beautiful Phoenix Park Hotel, which is hosting our event!

I am excited to represent Virginians and our NARPM® Members in the Washington, D.C., area, and I'd love to see you there doing the same. I constantly hear so much from our Members about fears of legislative issues. I challenge you to not just complain about it but to do something about it as well.

Find more information on this June 26-27 event at <https://www.narpm.org/legislative/narpm-legislative-and-educational-conference/>.

Whew! Can you believe the year is nearly halfway through? June marks a lot for most of us. School ends for those of us with children in that age group, summertime begins, and the busy season of renting properties kicks into full gear.

It's also a great time to look back at the first half of

the year and reflect on what you've accomplished. I encourage you to take time and do just that, and don't allow yourself to just be on the "busy train."

Are you on track for 2023? What adjustments do you need to make personally or in your business to achieve your goals in 2023? Take some time and visualize what will need to be done so you can relax during the last few weeks of December and enjoy your time around the holidays.

For me, I have been looking back at my goals for NARPM® and our Membership in 2023, and I couldn't be happier. One of the highlights of the year was our Broker/Owner Conference & Expo in Carlsbad, California. Those of you who heard me speak each day likely heard how important NARPM®'s support of our 2023 Past Presidents' Charity, Community in Schools (CIS), is to me personally.

I truly believe that by supporting this organization, we will be building strength in our individual communities and empowering our youngsters to do the same as they go through school with hope and, eventually, success.

A huge shoutout to our Membership that raised over \$10,000 in just one week for CIS while in Carlsbad. This is a huge step in our 2023 goal of raising \$50,000. What I've loved about spreading awareness for CIS this year has been not only the support of our Members, which has been unbelievable, but the participation and enthusiasm shown by our vendor partners as well.

I'd like to specifically call out PestShare and their #OrangeShoeMovement, which spent the week at Broker/Owner providing a little fun and a ton of support for CIS by getting our Members to wear orange shoes and donating for each pair worn! Look out for something bigger and even more impactful from this group come NARPM® National.

Additionally, our friends at Second Nature are working with Members and non-members alike during their events this year to raise even more

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2023 NARPM® President **Tim Wehner, MPM® RMP®** has volunteered with NARPM® since 2010, when he helped start the Greater Richmond Chapter in Virginia. He served as the Chapter's Treasurer and President before moving onto volunteerism at the State and National levels.



THE 2023 NARPM® BROKER/OWNER CONFERENCE & EXPO IN CARLSBAD, CA



Victoria Hecht is NARPM®'s Public Relations & Digital Media Director and Residential Resource® Editor.

Attendees "picked their progress" at 2023's Broker/Owner Conference & Expo

More than 600 attendees, a sold-out vendor show, industry experts, 18 workshops, and limitless learning and networking...such was this spring's successful NARPM® Broker/Owner Conference & Expo.

Held at the beautiful Omni La Costa Resort & Spa in Carlsbad, California, the April 25-27 event drew designated brokers, company owners and major decision makers from across the country.

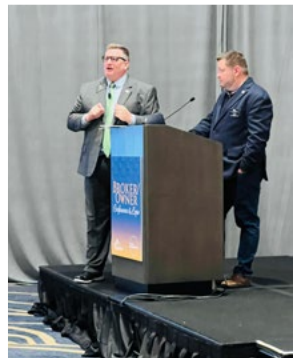
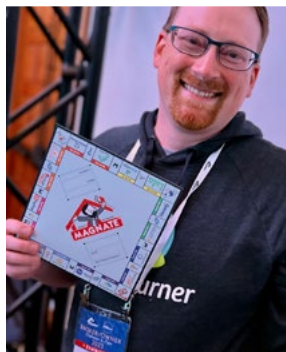
Keynote speaker Robert Hahn opened the Conference with an unabashed look at the surging rental industry in "Reality Returns," with more keynotes following, including a Department of Housing and Urban Development (HUD) update with HUD Special Policy Advisor Doug Rice and "It's Not Time Management, It's Priority Management" with broker/trainer/CEO Barbara Betts, among others.

Each day attendees could select to attend workshops from among three "Pick Your Progress"

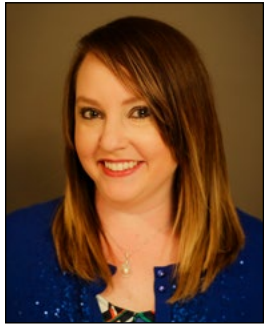
categories: Networking, Masterminding and Vending. Attendees' generosity already helped NARPM® raise more than \$10,000 for the 2023 Past Presidents' Charity, Communities in Schools. (Visit <https://www.narpmconvention.com/narpm-past-presidents-charity-fundraiser/> to donate.)

Thank you to the 2023 Broker Owner Committee for its hard work: Chair Scott P. Brady; Vice Chair Tracy Streich, RMP®; Melissa Hargreaves; Tal Kramer, MPM® RMP®; Trent Ratcliff, MPM®; Courtney Rosen, RMP®; Jennifer Spadine; Matthew Tringali; Nataliya Matejka; Jarrett Lau; and NARPM® meeting planner Karen Gould.

Next up: Registration is open for the 2023 NARPM® Annual Convention & Trade Show from Oct. 16-19 in Atlanta at <https://www.narpmconvention.com/>. Early-bird savings are under way! See you in Atlanta! 📍







Lacy Hendricks, RMP®, is the Director of Sales and Marketing at Hendricks Property Management in San Antonio, Texas. She has been an active NARPM® member since 2014. She currently serves as the NARPM® Governmental Affairs Committee Chair and San Antonio Chapter Secretary. She has served in advocacy roles for NARPM® from City Hall to the White House and has extensive experience in political fundraising.

NARPM® Governmental Affairs needs your ‘Section 8 Story’

“I approved a voucher holder applicant, and it took three months for me to receive the first rent payment from the local housing authority. Meanwhile, my client was having to deal with holding costs.”

“I got a notice from our housing authority that my tenant no longer qualifies for a voucher and will be pulling back three months of rent payments that have already been disbursed to my client.”

These stories are all too common when it comes to working with Housing Choice Voucher Programs. As tenants’ rights groups gain steam across the country, more and more municipalities are requiring that landlords accept Housing Choice Vouchers.

In January, the Biden administration announced a Tenants’ Bill of Rights to protect renters and promote rental affordability, and they will engage other federal agencies to bolster the acceptance of Housing Choice Vouchers.

And this is when MySection8Story.com was born. The NARPM® Governmental Affairs Committee decided to publish a website to collect stories of real-life experiences from property managers and landlords.

Phase I of the site will be to collect the stories. The experiences collected will be anonymized and tracked for trends. Phase II will be to publish the stories and offer improvements to the processes required by the Department of Housing and Urban Development (HUD). HUD is most certainly aware of the pain points of the program, and yet, in some cases, HUD seems to choose to look the other way and ignore the elephants in the room.

I think most people agree that, on face value, the idea of Housing Choice Vouchers is solid, but the execution at the local level is what makes participating in the program so frustrating for housing providers.

NARPM® Government Affairs Directors Tyler Craddock and Troy Garrett have been working tirelessly to open the doors of Congress for NARPM® Members. They will help our legislators understand how this HUD-regulated program impacts property



managers and landlords, and what Congress can do to make real improvements in the program to encourage more landlord participation. This is a much more desirable approach than being regulated by multiple federal agencies on how and when our clients can place tenants.

I hope by now you have seen Calls to Action emails come across your inbox from NARPM® to reach out to your legislators regarding important proposed regulations, and those are incredibly effective for making a statement for laws that are already on the table.

However, the one-on-one conversations that our governmental affairs directors have in the offices of the White House are the most influential way to affect policy before it has been authored. We need to be able to provide education to our legislators with legitimate experiences from their constituents.

Our government affairs directors need your stories to help our legislators understand that housing authorities need to leverage technology for effective communication between agencies and housing providers, processes need to be streamlined,

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inspections and compliance need consistency, damages need to be fully recoverable without the collections process, and adhering to real estate accounting laws.

These are all items that need to be addressed if they want more housing providers to voluntarily participate in the program.

“But I’m a unicorn and love the Housing Choice Voucher Program!” GREAT! We want to hear from you too!

It is true that some local agencies have figured this puzzle out. Many landlords participate in the program successfully

and appreciate the guaranteed rental income, reduced vacancy rates, and assistance in attracting tenants. I would almost say this side of the conversation is more important.

We don’t want to simply provide a list of complaints to lawmakers. We want to provide them with solutions. We want to provide them with the answers of how to make this program more successful so that landlords are more willing to enroll their portfolio. Please submit your story today at MySection8Story.com to help advocate for your industry. 🏠

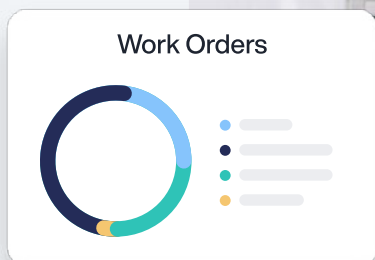
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www.narpm.org/legislative/narpm-legislative-and-educational-conference

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As the single-family rental market continues to grow, so does the need for property management businesses that can scale. However, manual tasks and outdated processes can make it harder to do this efficiently. AppFolio Property Manager works as an extension of your team, taking on the busy work so you can focus on winning new business. Below are some of the time-consuming tasks you can assign to us:

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Ready to maximize profitability and grow your organization? Scan the QR code to download our free playbook to find out how you can improve the employee and owner experience and boost efficiency, so you can achieve your growth goals.



Kathleen Richards, MPM® RMP® was broker/owner of a successful management company with CRMC®. She knows firsthand the highs and lows of being a business owner. She is a nationally recognized coach, speaker, instructor, author, and thought leader for the last 30 years focusing on business, leadership, and specifically the field of property management. She owns *PM Made Easy* – customizable products to streamline operations and founded *The Property Management Coach*. She can be reached at 800-475-3084.

Give me a break! Vacation tips to help property managers re-energize

Summer is here, and that means it's the peak season for property managers. It is also peak season for vacations, kids' camps, and summer activities with family and friends. How can we juggle it all without getting overwhelmed and burned out?

KEEP IT SIMPLE

Just because it's summer doesn't mean that you have to take a full week of vacation. Keep things simple, and stick to a routine, especially if kids are home. We juggle enough at the office, so don't add to the stress of juggling a gazillion activities. Try a staycation, which just means you stay home and play tourist.

Here are some ideas for short bits of fun:

- Explore where you live.
- Visit a museum, park, beach, or tourist destination.
- Challenge the kiddos to find FREE or low-cost things to do.
- Play games together.
- Volunteer.



PLAN FOR SUMMER

Summer comes around every year, so it should be no surprise that things get busy. Plan for the busy times – meaning, don't roll out new services in the summer or update your Property Management Agreement or migrate to a new property-management software program.

Plan for staff and yourself to be away from the office. Transition to a summer work routine, such as shorter public office hours, turning on auto responders for email/voicemail, and time blocking tasks to allow work to get done without the added stress of constant emails and phone calls.

For years I kept sacrificing my time off to accommodate staff requests. Finally, I wised up and decided if my husband, who was a fireman, had to select his vacation time a year in advance, then I could do the same. This was a "why didn't I think of this before?" moment.

I asked staff to bring calendars and share their vacation days at our first office meeting of the year. It was amazing. Staff negotiated for their time off and were willing to cover for each other. My maintenance team had coverage in place for their absence and took more three-day weekends instead of an entire week off. It worked, and I didn't have to give away my time.

In property management we often react to what is coming at us, but I encourage you to PLAN your busy seasons and time off. Staff should know who to reach out to in an emergency versus calling you each time they are stuck. Have a written plan for staff to follow and put someone in charge.

THE 15-MINUTE VACATION

The reality of property management and owning a business can put strain and stress on everyone. By the time summer comes around and ends we are running on fumes. How can we truly show up for family and friends and enjoy our time together when we are so distracted and drained?

The answer is to take timeouts and do whatever

Continued on page 28 "Vacation"



Scott P. Brady is Broker-Owner of Progressive Property Management, Inc. (1,100 doors under management), Progressive Association Management (105 associations and 6,000 owners under management), Partners Real Estate Group (65 active agents) and Ally Escrow, Inc. He is a director at the Pacific West Association of REALTORS®, director at the California Association of Realtors and on the board of the Long Beach/Orange County NARPM® Chapter. He happily shares his unique business model at NARPM® events: he hires real estate agents as independent contractors to manage both residential properties and homeowner associations.

Who will lead the real estate industry in the next 10 years? *We will.*

The real estate industry (and when I say “industry,” I am referring to real estate brokerages) is in trouble. In the last 50 years, there has been little innovation or diversification, and with this latest real estate recession, this industry finds itself in dire straits.

In my home state of California, and specifically Southern California, sales are down 40% from a year ago. The month of April had the fewest sales in 35 years. Not only are sales down, but there are far fewer sales over \$5 million in price, so total earned real estate commissions have decreased 60%.

Thirty years ago, home turnover was five years, meaning the average buyer would buy or sell a home every five years. In the most recent study, that number has increased to 16 years. Where once a couple bought or sold homes six times during their lifetime, that number is now down to two or three home purchases or sales.

People are moving less and thereby reducing the number of transactions for the real estate

Unless mortgage rates drop below 4%, which is doubtful, or the elected officials dismantle Proposition 13, which is political suicide, owners will continue to stay longer in their properties, and the only sellers will be those that must sell due to life circumstances.

If the threat of the elimination of buyer compensation from the MLS becomes a reality, which many believe is fait accompli, and a buyer must pay their agent’s commission out of pocket, margins for brokerages will further erode.

Real estate brokerages make their most money on newer agents on commission splits more advantageous to the broker. If those agents are paid less and new business models evolve catering to buyers, or buyers simply work directly with listing agents to avoid this new expense, margins for real estate brokerages (already less than 5%) will creep closer to 0%.

How did the real estate industry get here?

If the threat of the elimination of buyer compensation from the MLS becomes a reality, which many believe is fait accompli, and a buyer must pay their agent’s commission out of pocket, margins for brokerages will further erode.

community. There are currently over 300,000 active agents and brokers in California, up from 180,000 in 2000, but sales have decreased from 750,000 in 2005 to an estimated 300,000 this year. Simply put, twice as many agents are chasing half as many transactions. That means there is one transaction for every bona fide dues-paying REALTOR® in the state.

The sales trend will not change any time soon. Currently, 62% of households have a 30-year mortgage under 4%, 82% have a rate under 5%, and 18% own their home free and clear.

With Proposition 13, where owners pay property taxes on the price paid, not the current market value, anyone who bought their home before 2019 pays property taxes that are 50% or less of the current market value.

The world has changed radically in the past 50 years, but real estate largely has not. In the 1970s franchising was introduced to the industry, and some real estate companies became national in scope. They emphasized brand, and agents used their marketing message to build their business. In the 1980s ReMax created a company around top-producing agents, who at that time had to be brokers, and forced other real estate companies to create two tiers in their brokerages. Top producers earn a much higher commission rate than new agents.

With the internet and personal marketing, agents started to build their own brands distinct from that of their brokerage, and in the 2000s with Keller

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Williams, brokerages encouraged teams to create pseudo brokerages within the brokerage. With the recent plethora of 100% commission models, where agents pay a flat fee per closed transaction, or a maximum company fee and then no more, it is increasingly difficult for a brokerage to profit from real estate.

Anyone who has been in the real estate business can attest that there have many new brands introduced and different compensation models for the agents, but the basic business model for every brokerage is the same: Attract as many product real estate you can, and encourage them to sell as many homes as possible.

For real estate agents, their business model is also equally unchanged: Have as many in-person or virtual conversations about real estate as possible, and convince these people to buy or sell using your services. I recently attended a California Association of REALTORS® conference where a panel of top producers shared their business secrets. A top agent happily told the audience that only one thing had changed in her marketing in 40 years: She had to drive house to house to knock on the doors to talk to owners since at her age walking was difficult.

Real estate companies will be shedding office space and support as the number of sales decreases – and agent count with them. There are just too many real estate agents



chasing too few deals. With fewer sales, agents will demand better commission splits or simply start their own brokerages since the only brand that matters is their personal brand.

These same companies had decades to start property management divisions, but few did. They looked at our industry as being in the “penny” business. Sell a million-dollar house with a 2.5% selling fee and have the agent on a 80/20 split and the brokerage made \$5,000. Manage that same house with a monthly rent of \$5,000 with a typical management fee with a

Continued on page 20 "Industry"



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NARPM® Pacific/Pacific Islands Regional Vice President (RVP) **AJ Shepard, MPM® RMP®**, is the owner of Uptown Properties and Uptown Syndication in Portland, Oregon. He was 2019 President of the NARPM® Greater Portland Chapter and has been a NARPM® Member for more than five years. AJ was the 2017 Darryl Kazen Memorial Scholarship Award winner. Following his term as the Atlantic RVP, AJ became the Pacific/Pacific Islands RVP in 2021.

Maximizing efficiency in property management: a look at AI tools and their applications

Property management has traditionally been a labor-intensive industry, requiring a great deal of time and effort to keep properties running smoothly. However, with the introduction of artificial intelligence (AI) programs, property management is facing a major shift. These programs have the potential to revolutionize the industry and make it easier, faster and more efficient.

As property management continues to evolve, technology has become an increasingly important tool for property managers to streamline operations, increase efficiency and improve the experience. In addition to traditional property management software, there are now a variety of AI-powered tools that help property managers automate processes, gain deeper operational insights and improve decision-making.

This introduction explores some of the AI tools property managers can use to improve business practices, including predictive analytics, chatbots and virtual assistants. These tools have the potential

help with your Excel problem.

One of the main benefits of ChatGPT is the ability to learn from past interactions and improve responses over time. In other words, the more you use it, the more accurate and convenient it becomes. ChatGPT can do things you could never imagine and it's accessible.

Another AI Tool introduced recently is ZeroTax.AI, which will answer tax questions. The amazing part about this AI is that, according to the developer, it's a product of his conversation with ChatGPT. The developer gave ChatGPT his ideas, asked a lot of questions and one day developed his own AI tool.

Next is Tldv.io, which is a Zoom app or Google Meet Chrome extension that allows users to record meetings with high-quality video and audio for free. Recorded meetings are saved in the meeting library and accessible immediately after the call. Additionally, the app provides a transcription feature that supports over 20 languages, allowing users to quickly check the key moments of the call. You can

Another AI Tool introduced recently is ZeroTax.AI, which will answer tax questions. The amazing part about this AI is that, according to the developer, it's a product of his conversation with ChatGPT.

to transform the property-management industry by making tasks easier.

These days, it's common to receive invitations to webinars that cover topics related to ChatGPT and other AI tools. If you're unfamiliar with these, it's an excellent opportunity to learn more and stay up to date with the latest advancements.

ChatGPT is a prime example of how AI-powered tools are changing the way we communicate and interact with machines. ChatGPT is developed by OpenAI, and it has been trained on a large corpus of text data to understand and respond to a wide range of topics and conversation styles. It can be used for various purposes, including customer support, language translation and creative writing. It can even

also time-stamp key meeting moments and create clips from recordings to easily share with colleagues. A search function is included that allows you to search for specific call moments using keywords, making it quick and easy to find the information you need.

In today's digital world, Tldv.io is an essential tool for employees to stay connected and productive.

Another AI tool is Copy.AI. It is an innovative AI-powered writing tool that has the potential to revolutionize the way businesses approach content creation. Copy.AI can analyze a vast amount of text data and generate new content that matches the style, tone and structure of the input text.

Continued on page 29 "AI"



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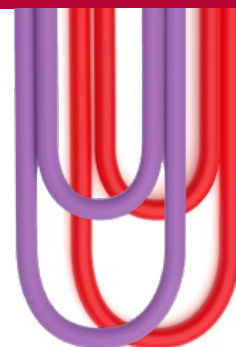
CONNECTING THE EXPANDING NARPM® MEMBERSHIP ONE REGION AT A TIME

That's Regional
Vice President



NARPM® Pacific/Pacific Islands Regional Vice President (RVP) **AJ Shepard, MPM® RMP®**, is the owner of Uptown Properties and Uptown Syndication in Portland, Oregon. He was 2019 President of the NARPM® Greater Portland Chapter and has been a NARPM® Member for more than five years. AJ was the 2017 Darryl Kazen Memorial Scholarship Award winner. Following his term as the Atlantic RVP, AJ became the Pacific/Pacific Islands RVP in 2021.

The RVP Bulletin



The last thing you want me to talk about is COVID, but the lasting effects that it has had on our economy and businesses are real. That even stems to the Pacific and Pacific Island region of NARPM®.

It has been a struggle for many Chapters to restart meetings, find new venues and get back on the schedule that once was. I want to congratulate the Los Angeles Chapter for recently having its first meeting in person in a long time and look forward to attending upcoming meetings!

I also made a couple visits to the California Chapters in Alameda and Santa Clara and was very impressed with the meetings and the excitement that people had shaking hands and creating those personal connections.

Our organization thrives on the sharing of knowledge and education, but we are only going to be as good as the Members who show up. I'm not talking in a sense of physically being there but more of contributing and,

yes, showing up is contributing.

There are lots of opportunities to contribute to the organization, so my charge to the Pacific and Pacific Islands – and all of NARPM® – is to find more ways to contribute. I've always been told the age-old saying is you only get out what you put in, so let's all find a way to put more in, and collectively we will all get more out!

The CALNARPM 2023 Conference and Trade Show (<https://narpmcalifornia.org/conference/>) is one of the premier events in California and took place in May in Margaritaville Palm Springs. The CALNARPM Board did a great job in planning the event and education.

If you have ever thought of visiting California, put it on your schedule for next year! The schedule of fantastic industry speakers addressing property-management issues that we deal with day in and day out is beneficial to all, not just those located in California. 🇺🇸

Northwest: Katie McNeely, RMP®

Alaska, Washington, Oregon, Idaho, Montana, Wyoming.

Pacific: AJ Shepard, MPM® RMP®

California.

Pacific Islands: AJ Shepard, MPM® RMP®

Hawaii.

Southwest: Misty Berger, MPM® RMP®

Nevada, Utah, Arizona, Colorado, New Mexico.

Central: Angela Holman, MPM® RMP®

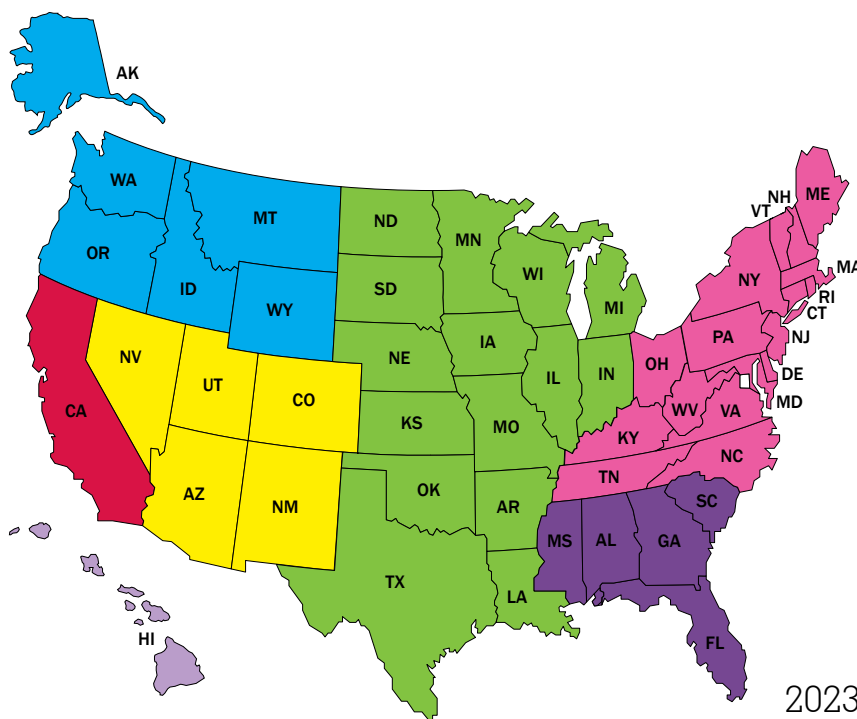
North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, Illinois, Michigan, Indiana, Kansas, Oklahoma, Texas, Missouri, Arkansas, Louisiana.

Atlantic: Steve Pardon, RMP®

Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Washington DC, Virginia, North Carolina, Ohio, West Virginia, Kentucky, Tennessee.

Southeast: DD Lee, MPM® RMP®

South Carolina, Georgia, Florida, Alabama, Mississippi.



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Marilyn Deane
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Olesya Williams
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Janet Risley
Colorado Best Team at
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Arrico Realty & Property
Mgmt., CRMC®
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Steve Oehlerking
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Maritza Rosado
All County Diamond
Panama City Beach, FL

Maria Solorzano
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Anna Bolton
Aristar Property Mgmt. Inc.
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Platinum Property Mgmt.
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Brent Clifford
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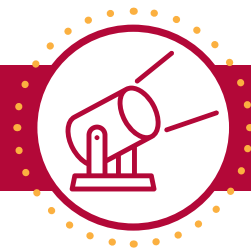
UTAH

Jameson Kroll
Logic Property Mgmt.
Sandy, UT

Continued on next page

CHAPTER Spotlight

GET TO KNOW THE EXCELLENT NARPM® CHAPTERS ACROSS THE UNITED STATES



Arlene K. Kim-Kawamoto is President of NARPM®'s Oahu Chapter and Broker/Owner of Point of Sail Realty. She has been a broker on Hawaii's island of Oahu for more than 30 years.

Oahu Chapter: Resilient and motivated

Aloha. The NARPM® Oahu Chapter has been doing well, with momentum picking up after the pandemic. Though we spent the first half of the year hosting meetings via Zoom, I'm pleased to announce starting June 2023 we will be back to in-person meetings. We are also planning an educational event as we've had much take-away from monthly educational luncheons. We've heard from professionals in various backgrounds, such as termites, cesspools and an update on legislative rules

from Karen Cardoza, our government affairs leader.

All of our Board of Directors positions have been filled. Despite losing some Members during the pandemic, we're picking up with sponsor Affiliates and office and individual memberships. We are holding a membership drive and foundation support opportunity with NAMI and the Hawaii Foodbank. We are doing well. We are resilient and continuing to motivate Members. 🏠

Continued from previous page

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Century 21 Accent
Homes, Inc.
Alexandria, VA

WASHINGTON

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ACP Properties LLC
Bellingham, WA

Deaun Sandberg
Aberdeen Realty Inc.
Aberdeen, WA

Kathryn Shabalov
MacPherson's Property Mgmt.
Lynnwood, WA

WISCONSIN

Brian Bartsch
Bartsch Management
Brown Deer, WI

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Phoenix, AZ

Rachel Cameron
Service Star Realty
Phoenix, AZ

Bria Lee
AZ Prime Property Mgmt.
Tempe, AZ

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Borba Property Group
Artesia, CA

Herb Cuyoung
Borba Property Group
Artesia, CA

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A.T. Smith & Company
Wheat Ridge, CO

Bryan Smith
Evernest
Colorado Springs, CO

Ashley Whitaker
Alliance Property Mgmt.
Colorado Springs, CO

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Payprop (FL) LLC
Miami, FL

Andre Holtshausen
Payprop (FL) LLC
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Sadie Hammond
Farish Realty
Carrollton, GA

Sherrie Walker
Farish Realty
Carrollton, GA

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Tidewater Property
Management, Inc.
Owings Mill, MD

Adam Henderson
Tidewater Property
Management, Inc.
Owings Mill, MD

Tyler Manahan
Tidewater Property
Management, Inc.
Owings Mill, MD

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John Hughes
Oak Trust Properties
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Pete Morales III
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Lisa West
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Markful
El Cajon, CA

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Jeff Sopko
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Employee Benefits
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OHIO

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Moen Inc.
North Olmsted, OH

TEXAS

Patrick Osman
Citizen Home Solutions,
LLC
Dallas, TX

WISCONSIN

Kathleen Kuhn
Fixle
Madison, WI

Continued from page 13 "Industry"

20% profit margin and the annual profit is about \$600. They couldn't be bothered with property management.

NARPM® exists because the National Association of REALTORS® (NAR) and most state associations gave short shrift to our industry. We were the black sheep of the industry. Brokers not only dissuaded their agents from managing properties, but most prohibited the activity. They did not want the risk of an audit, bad reviews and the potential litigation or their agents taking their eyes off the prize of selling real estate. We played nice in the sandbox with them.

For many years, most property management companies did not sell real estate. They did not want to aggravate the real estate companies because they depended on their referrals for business. They only wanted to borrow the owner until they needed to sell and then refer that client back to the agent.

Some companies would sell the homes they managed but not market to owners if they didn't manage their property. It is time to stake our claim as leaders in the real estate industry and state what we all know to be true: where they have failed, we have succeeded.

The property management industry has completely transformed in the past 10 years. Here are a few areas where we have improved:

- Remote Team Members (RTMs) – Companies increasingly use out of country staff to handle almost every aspect of their business. We have eight RTMs who take all association owner and tenant calls, assist accounts payable and receivable, assist property and community managers and are integral to our business. They help keep our labor costs down and our service levels high.
- Outsourcing – It is possible to be a virtual property management company and have others handle many of the tasks in property management. Inspections, leasing, operations, compliance, resident benefits packages and everything short of posting a notice to quit.
- Fee maximization – We were in the same low margin boat as real estate brokerages find themselves now a few years ago. Only 10 years ago, the average profit margin for a management company was less than 10%. The only income earned was the management and leasing fees.

That has changed. With programs designed to better protect the asset of our owners and improve the rental experience of our residents, as well as charging fees for additional services provided, there are companies with profit margins higher than 30%.

- The End of the SMIPOs (Self-Managing Investment Property Owners) – We don't depend on professional investors for our business. Owners who refinanced to a low mortgage rate but now must move out of state or can buy another property without selling their current home are using our services.

It is estimated that 70% of people still self-manage, but with tenants becoming a "protected class" in California, this percentage will surely decline and more SMIPOs will require our services.

We are an industry of higher margins, better market share and enjoy a growing market. We provide an indispensable service and, once hired, few owners decide to manage their property themselves. We sit at the nexus of the real estate transaction and work with owners, tenants, investors, buyers, sellers and if you manage associations, boards.

We enjoy stable monthly income, and our business is counter cyclical to the real estate industry. For the past five years, my company has added 100 doors and then experienced losing 50 rental properties to sales each year because of the red hot real estate market. For every door we added, we lost one to a sale.

In the past six months, we have added 50 doors and not sold a single property. Owners want to retain their assets and reap the rewards of a low mortgage and tax rate and a strong rental market.

It is time for us to escape from the shadow of real estate brokerages and lead the industry. We don't shy from new revenue streams. In fact, many of us embrace them. At Progressive,

we manage over 1,000 residential doors, almost 100 homeowner associations with 5,000 owners, have 70 agents, own an escrow company as well as a maintenance division.

We not only allow our agents to manage properties and associations, but we provide doors and communities for them to manage, and they earn a percentage of the management fee to be our "boots on the ground."

We recruit agents interested in making a living and not necessarily a killing in real estate. They are willing to do the work of residential or association management to create stable monthly income for themselves. For us, real estate transactions are "grave" and additional revenue to our core business of management.

You may not allow agents to manage properties, but you may want to consider capitalizing on the current dynamics in the real estate industry. Build out your real estate sales division. Since real estate revenue is incremental and additional income to our industry, you may offer more aggressive commission splits to agents in your market.

You have the physical space to accommodate agents

We are an industry of higher margins, better market share and enjoy a growing market. We provide an indispensable service and, once hired, few owners decide to manage their property themselves.

Continued on next page

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and can offer training and support. If you are a bigger company, you may offer medical benefits, retirement and pay for company events. It is estimated that 20 to 30% of the agents may be forced to leave the industry unless they have other options. We target agents who want the independent contractor lifestyle of a real estate agent but seek the stability of stable monthly income and the upside of a few real estate sales. Agents will inevitably be falling out of the real estate tree.

Are you willing to provide a branch for them to grab on to?

Where once we were ignored or brokerages took pity on us, we will not only survive this latest real estate recession,

we will thrive. When they struggle with margins, market share and starkly different business models with the loss of buyer compensation from sellers, we can be an alternative for agents.

The real estate industry (and their associations) did not embrace property management and our “pennies,” but we can fully embrace real estate agents and their “dollars.” Take stock of your market, identify your opportunities, and make business decisions that benefit your company for the next five years.

Join me in leading the real estate industry to newer pastures and business opportunities. 🏡

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Designees approved at the April 2023 Professional Development Committee meeting:

Steve Pardon, MPM®
Courtney Parks, RMP®
Leah Gunter, RMP®
Karissa Peters, RMP®

The Professional Development Committee now approves Designation Packets monthly.

- Please submit your packet by the **15th of each month** to be approved.
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You must be a Member of NARPM® National in order to be eligible to apply.

***There is a new upload system available to submit your designation / certification documents. To receive instructions to upload your documents to the new upload system, please email: designationinfo@narpm.org

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The power that comes with increased knowledge and confidence is tangible. It's what sets you apart from your competition. **Professional designations from NARPM® have an impact on your company and your clients and the results translate directly to the bottom line.** Add the credibility of our professional designations to your name and to your company name!

NARPM® designations* are earned with a combination of property management experience, NARPM® and industry education, and service to the association through volunteer activities. You may have taken clock-hour courses to maintain your license. Imagine the gains when the courses are

specifically focused on what you do as a property manager and are being taught by a property management professional. Take it one step further and envision networking with other experienced property managers from across the country. Earning your NARPM® designation will bring a whole new dimension to your daily tasks.

*You must be a member of NARPM® National in order to be eligible to apply for a NARPM® designation or certification.

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Jeff Dowdle is Vice President of Sales for PayProp North America.

The most viable rental markets riding out spiking interest rates

The latest Federal Reserve interest rate hike may mean higher costs for real estate investors, particularly in states like California where significant home appreciation may take longer.

Owners are already becoming more selective, favoring markets where their money will yield the greatest returns, even while carrying debt. Property managers would do well to follow suit, starting by learning more about the most viable rental markets across the United States.

THE SUN BELT — Recently, an increasing amount of investors — many of them out of state — have been buying single-family homes to rent in states that include Florida, Texas and Georgia. In turn, the high demand for property managers in states with high absentee ownership rates means there's plenty of growth and diversification opportunity for property management and real estate firms.

For different reasons, real estate investment in the Southern United States is booming because of the region's fast-growing population. In 2022, Florida and Texas had the largest net migration gains, with Georgia also ranking in the top 10.

The Sun Belt offers a unique combination of factors that make it attractive to both new residents and investors: a favorable climate, a lack of land constraints and a robust economy. Florida, Texas, Georgia and other Sun Belt states are mostly warm and sunny year-round, making them ideal for those looking to permanently escape the cold winters of the Northeast or Midwest.

Not only are more people buying and renting houses in this region, but they are also building new ones. Single-family construction starts in the South accounted for 63% of the national total last year, reports financing advisory firm Northmarq.

It helps that the Southern region's terrain is especially suitable for building. Florida, Texas, Louisiana and Kansas are among the flattest states in the country. Since it is typically easier and less costly to build on even ground, build-to-rent projects are popping up all over. These stylish and affordable new build-to-rent communities are extremely attractive to young professionals looking to start careers or families.

As a result, the Sun Belt's economy is flourishing, creating new businesses and job opportunities that bring

in even more renters.

THE UNDERDOG — It might surprise agents to learn that Illinois offers many of the same characteristics, making it especially viable as a rental market, too. According to the American Geographical Society, Illinois is the United States' second flattest state, making it great for building single-family homes.

Illinois is also home to the largest city in the Midwest — Chicago. Most people moving into this metro area are transplants from other Northern U.S. cities. Regardless of the origin of its influx of new inhabitants, the increase in demand for housing and resultant rent increases combine to benefit property managers.

THE BOTTOM LINE — A key strategy for making money in today's high-interest market is to explore investment possibilities in states with more potential for cash flow.

States like Texas, where the capitalization rate is higher, practically guarantee stable income from rental investments. There aren't a lot of land constraints in the area, so when demand for affordable housing spikes, developers can simply build more. Construction helps keep housing prices down, allowing investors to grow their property portfolios at a cheaper rate and improve their profit margin even while paying down larger mortgages.

But don't write off the West Coast entirely. California is still a massive real estate market full of investors looking to rent out properties to cover expenses while they wait for the home's value to rise.

But no matter where in the country you are, single-family rentals are in high demand. Many would-be homeowners are forced to rent because they cannot afford to buy a home at today's interest and price levels.

That being said, renters' priorities have changed since the pandemic. They want housing that makes remote or hybrid work more comfortable. Instead of cramped apartments, they seek roomy single-family homes with backyards and privacy in more affordable neighborhoods that offer the same amenities as the cities they're leaving.

Single-family rentals are a way to meet this growing demographic in the middle, and the middle ground is a fantastic place to find higher returns. 🏠

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DISCUSSION BOARD Hot Topics

WHAT HOT TOPICS ARE PROPERTY MANAGERS CURRENTLY TALKING ABOUT?

NARPM® maintains Discussion Boards in the NARPM® Community for several specialties within the organization. These Discussion Boards enable members to stay in contact and to share questions and concerns as they arise. If you would like to participate in one of these groups, visit community.narpm.org and look for **Communities**. Member login is required. Discussion Boards are only available to NARPM® members.

Statements of fact and opinion are the responsibility of the authors alone and do not imply an opinion on the part of the officers, staff, or Members of NARPM®. Any legal matters or advice mentioned herein should be discussed with an attorney, accountant, or other professional before use in a particular state or situation. All readers are responsible for their own investigation and use of the information.

Q *I have been in residential property management since 1999, am a Broker/Owner and have one full-time and one part-time employee. We manage around 170 doors. The Environmental Protection Agency (EPA) [visited] our office regarding the Toxic Substances Control Act. There were two representatives who showed up and told us they were randomly meeting with contractors and property management firms in Nashville about the (Lead Renovation, Repair and Painting Program) RRP Rule. The purpose of the visit was to open a random investigation to review documents and agreements to ensure compliance with this rule. This investigation was random; the report states that. The RRP Rule apparently applies to property managers because it assumes that we control the work being done on properties built before 1978. The rule also assumes that if we control that construction work (i.e. renovation, repair and painting), we are in charge to make sure that it does not negatively affect the inhabitants regarding lead-based paint.*

We use a lead-based paint (LBP) disclosure for homes built prior to 1978 and give the pamphlet "Lead in your Home" written by the EPA in our standard leases, Our documents have changed and evolved over the years. My attorney has never heard of a property manager or licensed [agent] being investigated for this RRP rule. Obviously, I am licensed to represent buyers/sellers/tenants/owners, and the EPA certifications for LBP abatement would be assumed that it is only required by general contractors, not property managers; however, the EPA has now targeted property managers. The fines are large, up to \$18,000 per incident, and this is extremely troubling to me. Obviously, it's the federal government.

There is an EPA RRP certification that property-management firms need to have to be in compliance. I got certified on Jan. 6, 2023. I have an EPA Lead Certified certificate that is good for the next five years. The only interactions I have had with the EPA are the initial in-person visit where they collected general information about myself and my one employee, and they requested three years of the addresses only of properties under management built prior to 1978, and have now requested a video call and have accused me of not being certified for this on over 44 violations. My E&O insurance won't touch it; my local insurance agent initiated a claim with my general liability policy. The problem is, no one was accusing me of anything, no compensatory damages or injuries or anything, so it's not really considered a claim?

Has anyone out there had this happen to them? Any feedback or comments would be helpful.

A I have never heard of this. Amazing.

A This has been discussed by NARPM® and was mentioned at the Broker/Owner Conference, and an email was sent out to the NARPM® community:

EPA Changes Lead Rule

As you may have read, the EPA recently withdrew answers to FAQs on their website that stated if Property Management Companies (PMCs) hire firms or persons certified to perform certain work on pre-1978 housing, then they (the PMC) do not have to be certified. The net effect of this action is that it expands the pool for whom certification is required to include, in some instances, PMCs.

The EPA has always held that a PMC actually doing work that disturbs paint in a pre-1978 dwelling must be certified. Now, however, EPA has expanded that to include PMC's performing other duties associated with such work. The expanded list includes:

- Soliciting and evaluating contractor bids
- Applying for permits, as appropriate
- Granting contractors access to the property



- Overseeing contractor work on the property
- Informing tenants of renovation activity
- Verifying completion of renovation activity
- Remitting payment to the contractors

There are two types of certification: firm certification and individual certification. If a PMC is not actually performing the work but is subcontracting work that disturbs paint on pre-1978 homes, then that PMC is responsible for the contractor it hires, specifically to ensure that the firm hired is certified and has a certified renovator, but it needs to get only the firm certification.

The firm certification process is straight-forward for most states. PMCs need to submit a short application and fee of \$300 to the EPA. The firm certifications are good for five years. Go to epa.gov and click Apply Now to get started. Exceptions are in the following states/tribe: Alabama, Delaware, Georgia, Iowa, Kansas, Massachusetts, Mississippi, North Carolina, Oklahoma, Oregon, Rhode Island, Utah, Washington and Wisconsin, and the Bois Forte Tribe. There are links on the EPA website to those programs.

If the PMC is actually doing the work, then in addition to the firm certification, individual firm employees may need to be certified renovators. These persons would be responsible for instructing others involved in the work. Individual certification involves a one-day course (<https://www.epa.gov/lead/getcertified>). If you have any questions, please do not hesitate to reach out to NARPM at legislativeinfo@narpm.org.

A [I] used to work for a company, and a contractor was seen outside refinishing a door. EPA came back on the company with about 40k in violations even though there were no tests done, nothing of the sort even hinting at lead being found onsite. I am pretty sure they settled for about 20% of that original amount, and the owner had to go through training (probably similar to the one linked above). That owner had good legal representation, and I think it ended up being a cost benefit of the legal expenses vs. what EPA would settle for. I don't believe we were ever audited or even heard from the EPA after the owner received the training. I'd be interested to hear if anyone else has had trouble after being certified?

A I paid for my firm's EPA certificate, but I didn't learn anything as there was no training. Seems they should at least have some type of video or some type of training for the money you pay. I feel like my pocket got \$300 lighter.

A Have you received an approval certificate? Until you do, you have only paid a fee. Certification requires an eight-hour in-person course the first time, and every five years a four-hour refresher, which may be taken online. Without taking the training or having personnel in the company trained, it should not be possible to obtain the Lead Safe Firm license.

A The EPA and their website have made this very clear and simple to understand...NOT. It might as well have been written in Latin. To be a renovator you have to take the course, but then they send a letter saying we have to be certified. A firm can be certified evidently without having a course and save money over what I had to pay out to get the training and then apply for my firm certification, a total a bit over \$500. They need someone who knows how to write in plain talk of the everyday people to rework the website. I am at a loss as to what to say. They do have a pamphlet they suggest you read as well as the actual law.

Remember – everything you read on the Internet is not true. If necessary, seek legal counsel.

See the entire discussion here: <https://community.narpm.org/home>

The EPA wants to fine me under its new lead paint rules.

What do I do?

Continued from page 11 "Vacation"

makes you feel happy. Here are some ideas to get you going:

- Intentionally look for things that make you smile.
- Breathe...
- Listen to music, sing, dance.
- Laugh. Find videos on YouTube.
- Exercise. Make it easy and fun. Pickleball, anyone?
- Bring your pet to work.
- Have lunch with coworkers.
- Connect with friends whether over phone, coffee, lunch or to share a walk.
- Look for opportunities to have fun.
- Disconnect from cellphone and other electronic devices.

My team and I did all of the above. Everyone will have their own way of taking a timeout. There is no right or

wrong way to fill your tank. It only matters that you do it. Some people need quiet reflection or music to calm nerves, and others need high-energy activity. Whatever works for you is all that matters. As children we played, and as adults we work. Try being a kid again for 15 minutes a day.

Little moments can have a huge impact on our mood and energy. Whatever that looks like for you, it is important to take care of yourself. Property management is a career that takes, takes, takes, so you must be intentional about how to fill up the tank, and don't let yourself get to empty.

Keep a routine, keep things simple and plan for time off. In between find moments or mini vacations to keep your tank full and topped off. Re-imagine what your vacation looks like and what you want to get from it. Focus on

the result, whether it is relaxation, high-energy escapades or family time around the fire pit.

Be present, fully present. You might be surprised how 15 minutes can rejuvenate you. So, "Give Me a Break." You deserve it. 🏡

Little moments can have a huge impact on our mood and energy. Whatever that looks like for you, it is important to take care of yourself.

Continued from page 5 "President"

money for CIS! Thanks to both groups and all the groups, not just raising money but also making a real impact in our communities.

As I mentioned, June is a great time for reflection not just on the great things accomplished, but thinking about what needs to happen to reach goals that might be off track.

I committed at the end of last year not just to raise money, but to get 100 new volunteers to work with Communities in Schools this year. I am way off track with that goal as of June. But there is time left in the year. A time for recommitment and a harder push. And that's what I'm promising to our Membership right now.

So, hold me accountable to this goal. Help me in achieving it by reaching out about how to get involved in your community, and let's get back on track together. There's still plenty of time to get this done and have a lasting impact, so let's do it! 🏡



Tim Wehner, MPM® RMP®
NARPM® President



READ ALL ABOUT IT!

The NARPM® news magazine, the Residential Resource, is published eleven times annually. The magazine helps NARPM® members stay current on industry news, key legislative proceedings and new product innovations. Members can gain essential knowledge from other publications available only through NARPM®.

Members can view current and past issues of the Residential Resource using their member login on the NARPM® website.

Continued from page 14 "AI"

For property managers looking to add a professional touch to their audio projects, Murf.AI may be the perfect solution. Murf.AI is an AI-powered platform that revolutionizes the way speech audio is simplified and made accessible to all. The platform is designed to help users create high-quality narration in minutes without the need for a recording device.

Murf.AI uses advanced AI algorithms to create realistic narration with a variety of customizable tone, pitch, and speed options. The platform is very easy to use, with a simple drag-and-drop interface that even those with limited technical expertise can learn. Murf.AI enables content creators to save time and money while achieving professional-looking results. Whether for podcasts, video content or presentations, Murf.AI makes it easy to create a high-quality narration that grabs your audience's attention.

Pictory.ai is an AI-powered visual storytelling tool that offers a variety of customizable features to help users create compelling content. The platform is designed to make

it easy and intuitive to create visually engaging stories and presentations. Through an easy-to-use interface, users can upload their images and videos or choose from a library of millions of high-quality stock photos and videos. It improves its content by suggesting layouts, transitions and effects that take it to the next level.

Dall-E 2 is the state-of-the-art neural network-based generative model that has made waves in the AI world. This state-of-the-art technology expands on the original DALL-E model, which launched in early 2021. The Dall-E 2's ability to create high-quality, diverse images from text descriptions makes it a versatile tool for a wide range of applications. From creating realistic product designs to creating custom illustrations, the Dall-E 2 has the potential to revolutionize the way you think about image creation and design. Planning to have customized shirts with your group, then it's the best time to visit Dall-E 2 and get that unique logo design.

Lastly, the Adept, Action Transformer (Act-1) is interesting and exciting. Adept is an advanced machine-learning model developed by OpenAI. It could revolutionize how businesses manage operations. Unlike traditional speech generation models like ChatGPT, Adept is designed not only to generate text responses but to perform specific actions based on the input it receives.

This makes it a valuable tool for automating workflows and processes, from scheduling appointments to booking appointments. Adept's ability to handle more complex interactions and integrate with existing systems and workflows sets it apart from other conversational AI models. By automating routine tasks, organizations can reduce

manual workloads and improve efficiency. Adept is a powerful tool with the potential to transform the way companies work, and it will be interesting to see how it is implemented in various industries over the next few years. Adept is not yet accessible, but the queue has been started.

Several important factors should be considered. Firstly, it is important to consider the

specific needs and how AI tools can address those needs. It is also crucial to evaluate the reliability and accuracy of the AI tools being used, as well as the potential risks and limitations associated with their use.

Another important factor to consider is the ethical implications of using AI tools, such as privacy concerns and the potential for biases in decision-making. Transparency and accountability should be prioritized when implementing AI tools, and businesses should be prepared to address any issues that arise from their use.

As AI tools become more prevalent in various industries, there are still ongoing debates about their potential impact on privacy and security. Concerns have been raised about the collection and storage of large amounts of data as well as the potential misuse or abuse of this data. So, just a reminder be mindful and considerate when using AI tools to maximize their potential benefits. 🏠



“ It is important to consider the specific needs and how AI tools can address those needs. It is also crucial to evaluate the reliability and accuracy of the AI tools being used, as well as the potential risks and limitations associated with their use. ”



Bringing Communities of Support to Students



Communities In Schools®

Jaminsky, a senior in high school, is ALL IN for building relationships to help students like himself succeed in the classroom and beyond. Jaminsky was connected to his Communities In Schools® (CIS®) site coordinator, Mrs. Montgomery, during his freshman year of high school. Moving to a new town and attending a new school was an adjustment for Jaminsky, but Mrs. Montgomery was there to encourage and support him every step of the way. Jaminsky wanted to share his story because he recognized the impact CIS had on his life and that of other students. “Mrs. Montgomery made me realize that whether I’m a new student or not, I could find a place at this school. She’s my second mother, and I love the fact she cares about every student. As a senior who’s seen everything, what she’s done for me and other kids at this school has just been an amazing thing to be a part of. [Learn more about students like Jaminsky at CommunitiesInSchools.org](#)

Communities In Schools is thrilled to have been chosen as NARPM’s Past Presidents’ Charity for 2023! [Donate now using the QR code!](#)



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