

Residential Resource

The Monthly Newsletter of the National Association of Residential Property Managers

AN OPEN LETTER TO SALES BROKERS

by Helen Daniel

Most real estate companies handle rentals. Prudent ones have Property Managers.

It is a sad reality that properties are not selling as quickly as we all would like. Mortgage payments keep coming due each month and a vacant property soon begins to wear heavily on the owner's pocketbook.

Often the listing agent is approached by the property owner to find a renter to help defray the mortgage expense. But, many real estate companies have no Property Manager. The listing agent, who does not want to deal with rentals and who usually has no idea how to manage rental property, ends up trying to help the owner by becoming a rental agent.

The listing agent is at a serious disadvantage with no knowledge of the state's Landlord-Tenant laws, no network of dependable repair people to call when problems arise, no forms, no organization, and worst of all, no time or interest in dealing with an overflowing commode just as a big sale is being negotiated! Additionally, it takes a unique personality to walk the fine line between the interests of the property owner and the interests of the tenant.

When done right, management of rental properties can be very lucrative for a real estate company because rentals generate a steady income flow. Sales bring in big dollars but they are not as dependable. If you as a Broker have a well-organized Property Man-

agement department with a sufficient number of rental properties, you can be assured, even with vacancies, of a reliable income regardless of the ups and downs of the real estate market. Often this income can be counted on to pay the bills while you are working to get that big commission sale closed.

My advice to you as a Broker is: don't allow sales agents to muddle around renting property, establish a professional Property Management Department. End the headaches created by well-meaning sales agents allowing destructive, non-paying tenants to breed ill-will between you and an owner who has placed his property in your company's hands.

If you are going to take on the responsibility of rental properties, be sure that the responsibility will be properly managed. Your company's image and income are both at risk.

Your Property Manager can benefit from being a member of NARPM. Encourage your Property Manager to be professionally involved as you are with other sales owners and brokers; encourage them to network with other professionals and to take advantage of the educational opportunities available through NARPM, your company is bound to reap the rewards.

(Helen Daniel, RPM, is Property Manager with Century 21, Smith & Associates, Panama City, Florida. Helen serves on the NARPM Board of Directors)

Important Dates

RPM Courses

May 21- San Francisco
"Marketing Residential Property for Lease"

May 22- San Francisco
"Maintenance of Residential Property"

Location: The Fairmont Hotel

Annual NARPM Convention

September 19-21- Houston, Texas

Location: Wyndham Warwick Hotel

RPM Courses

September 22- Houston, Texas
"Office Operations for Residential Property Management"

September 23- Houston, Texas
"Marketing Residential Property for Lease"

September 24- Houston, Texas
"Maintenance of Residential Property"

Location: The Doubletree at Post Oak

For More information contact NARPM National Headquarters:

P.O. Box 15124
Atlanta, GA 30333
(800) 782-3452
(404) 985-6843 (FAX)

**National Association of
Residential Property Managers**

Post Office Box 15124
Atlanta, Georgia 30333

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ODDS AND ENDS

by Terry Robertson

The other day several property managers were talking shop. During the discussion the point was made that a lot of knowledge is not put into print because it is difficult to develop an article when the information can be conveyed in a sentence or two. The idea of this article developed from that discussion. Some of these ideas, you may not know and others you may have forgotten. Take a minute and think about each one. They will save you time, money, and make your job easier.

Signs: It is harder and takes more time to rent a unit on a dead end street. The reason is there is no drive-by traffic to see your sign.

New Owners: When you sign up a new property, check the current deed for all owners. Make sure the check you send with the monthly report is payable to all of the owners on the deed. Otherwise, you may be liable to the owner that is not included on the check. This may not be a problem until there is a divorce and the check for several years was issued to the husband or wife, singly, and not to both. If a corporation owns the property the check should be made payable to the corporation.

Evictions: When you go on an eviction use a lock out ball, instead of trying to coordinate the locksmith with the constable. Later your handyman can change the locks. This will save time and money. If you have an extra lock set, you can rotate the lock and won't have to buy a new one, and you will still have a secure unit in case the ex-tenant did not return all of the keys.

Credit Check: In many areas you can use the MLS terminal to check the prospective tenants credit. Check with your Board of Realtors or with PRC in your area.

Applications: When checking out a prospective tenant don't always use the telephone numbers he gives. Look up the numbers, a professional deadbeat will give you phone numbers of his friends to verify information.

Deposits: Does your company collect a large amount of cash? On heavy cash days, your friendly banker will probably send an armored car to your office for the pick up. If he does not want to do this, remind him of the amount of money you keep in his bank. Give him the average balance in your owner funds, deposit trust accounts, management account, general account, etc. If you deal with a small bank, you may be one of their larger depositors. If he still says no, shop some other banks to see what they will offer you to get your company business.

Maintenance: When a vendor has completed a small job and you don't have time to inspect the work, call the tenants and ask if they are satisfied with the work and if it was done in a professional manner.

Early Move In: When a buyer is moving into a property before the close of escrow, always have them sign a rental agreement. Then if the sale falls apart you have control over the buyer/tenant. This makes it much easier to collect rent or to evict.

(Terry Robertson, owner of Desert Realty is a charter member of NARPM)

1991 SUPPLEMENTAL MEMBERSHIP LIST (New Members as of 1/1)

Marilyn Arendt, Vice President 713-493-9333 (O)
Memorial Property Management 713-493-4950 (FAX)
15119 Memorial #204
Houston, TX 77079

Dale Mehlhouse, President 404-977-1214 (O)
Home Management Associates 404-977-1215 (FAX)
4240 Summit Drive
Marietta, GA 30007

Donna Brandsey, Broker 615-647-8342 (O)
ERA Harris Realty, Inc.
P.O. Box 2337
Clarksville, TN 37042

Susan Mettle, Broker 713-333-4692 (O)
Colin Fox & Associates 713-333-9083 (FAX)
P.O. Box 580053
Houston, TX 77258

Gail Carr, Director 719-599-0900 (O)
Rawhide Property Management 719-598-2337 (FAX)
5160 N. Union Blvd.
Colorado Springs, CO 80918

Blaine Miller, Vice President 602-722-6606 (O)
Rincon Realty 602-296-3702 (FAX)
6919 E. Broadway
Tucson, AZ 85710

Larry Dubose, President 713-580-7045 (O)
Dubose Realty & Management 713-580-7045 (FAX)
14511 Falling Creek #507
Houston, TX 77014

Gay Miller, Vice President 602-722-6606 (O)
Rincon Realty 602-296-3702 (FAX)
6919 E. Broadway
Tucson, AZ 85710

Hank Einck, President 512-454-0345 (O)
Dick Einck Realty
4000 Medical Parkway #113
Austin, TX 78756

Kenneth Opp, President 206-253-4540 (O)
Real Property Mgmt Services, Inc.
2712 NE Burton Road Suite A
Vancouver, WA 98662

Robert Fowler, Vice President 404-998-9300 (O)
Crown Management Corporation 404-992-6725 (FAX)
100 Norcross St. Suite D
Roswell, GA 30075

Jennifer C. Oswalt 615-385-2217 (O)
McGarr & Associates 615-292-2426 (FAX)
4004 Hillsboro Road #A-206
Nashville, TN 37215

Liz Franke 512-480-0200 (O)
Treaty Oak Real Estate Services 512-480-0200 (FAX)
P.O. Box 54
Austin, TX 78767

Carol Pyatte
Pegasus Property Management 713-332-5423 (FAX)
17080 Highway 3
Webster, TX 77598

Alice A. Horton, President 813-734-5740 (O)
Horton Realty
P.O. Box 2822
Dunedin, FL 34697-2822

Teresa Recar, President 512-345-9886 (O)
Recar & Associates
4210 Spicewood Springs #104
Austin, TX 78759

Susan Klingberg, Vice President 713-440-4418 (O)
AIM Realty, Inc. 713-440-3571 (FAX)
4420 FM 1960W #110
Houston, TX 77068

J. Robison, President 405-360-4545 (O)
3500 W. Robinson Suite 102
Norman, OK 73072

Nancy J. Ryan, President
Jubilee Real Estate Services
4743 N. Carefree Circle
Colorado Springs, CO 80917

719-574-5500 (O)

1991 Membership List Changes & Updates

Kit Garren
IPM Corp.
317 N. Washington Street
Suite 7
Hendersonville, NC 28739

704-693-7631 (O)

Kenneth Shaw, President
First Asset Management
1155 Dairy Ashford #805
Houston, TX 77079

713-870-1000 (O)
713-870-0837 (FAX)

Sam Highland
Highland Realty & Management
11341 Quivas Way
Denver, CO 80234

303-466-6340 (O)

Eldridge C. Sissen
Rose Properties
1823 Beaver St
Anchorage, AK 99504

907-561-7550 (O)
907-561-4845 (FAX)

Armen Stephanian, President
ARCH Properties, Inc.
6423 Burnet Lane
Austin, TX 78757

512-345-9643 (O)
512-452-3207 (FAX)

Lorilyn Swanson, PropertyMgr
Alaska Coastal Homes
P.O. Box 33579
Juneau, AK 99803

907-789-3540 (O)
907-789-3456 (FAX)

Cody Thompson, Broker
Century 21, Academy
311 Main Street
Colorado Springs, CO 80911

719-390-7865 (O)
719-390-0620 (FAX)

W. R. Williams
Excel Real Estate & Management
2047 West Main, B6
League City, TX 77573

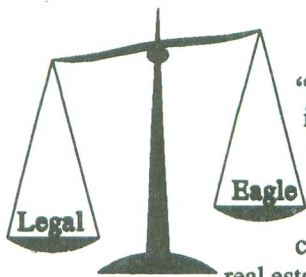
713-332-1200 (O)
713-332-6558 (FAX)

Caran Marshall Wysong
TRAC Management, Inc.
14520 Wunderlich Suite 110
Houston, TX 77069

713-580-8800 (O)
713-580-4707 (FAX)

David Wysong
TRAC Management, Inc.
14520 Wunderlich Suite 110
Houston, TX 77069

713-580-8800 (O)
713-580-4707 (FAX)



"Buyer Beware" is not a defense in many courts now. More than 50% of claims against

real estate agents involve misrepresentation. Intentional misrepresentation is fraud, of course. Unintentional misrepresentation even when you are repeating statements made by the owner, can leave you liable for damages. You can be considered negligent if you should have known or suspected that the statements were not true.

As a professional, investigate anything that seems "suspicious", document all steps and conversations, inspect properties carefully to ascertain their true condition, and don't answer questions without being sure of the facts and their source.

⚖️ A tenant with Alzheimer's Disease failed to renew her lease and

was facing eviction. A doctor testified that eviction would make her condition worse. The court ruled in the tenant's favor. When a tenant negligently or inadvertently fails to give timely notice for renewal and non-renewal would result in a forfeiture for the tenant out of proportion to the tenant's fault, the tenant may be relieved from liability.

⚖️ A new California law requires landlords who are ordered to fix dangerously substandard housing to also pay for the tenants' expenses including temporary comparable housing, moving expenses, utility connection charges and replace any damaged or lost property.

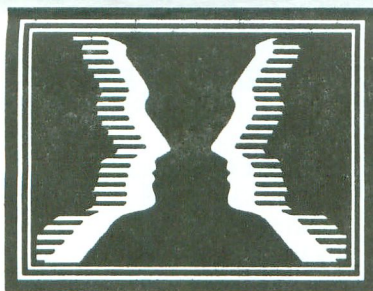
⚖️ Also from California: landlords don't have to pay interest on security deposit's unless expressly required by local law. In many areas all that is required is full disclosure. The property manager can keep any interest earned as long as both owner and tenant are notified in advance of this policy.

Check your local laws -- this can be a good income source for you.

⚖️ When suing in court, documentation is the key word. In addition to very complete and detailed records, also consider graphic evidence. A plastic bag containing samples of carpet and pad damage by pets could be very "strong" evidence.

⚖️ A "counterparts clause" is a valuable clause if there are several owners to sign a management contract. This binds parties to a contract even if each party signs a separate copy of the contract (as long as all copies are EXACT duplicates otherwise).

⚖️ Giving the tenant a lawn mower to use can put you and your owner in a precarious liability situation. If circumstances require that the mower be left, consult your legal counsel to get the best wording for your lease agreement.



Real Help

Questions and Answers about your business

Questions for REAL HELP or comments regarding previous columns should be directed to Karen Ebert, ALPS, Inc., POB 160233, Austin, Texas, 78716

Q. Our office has purchased a FAX machine. When signing contracts with owners and getting authorizations for major expenditures, are FAXed signatures "legal"?

A. So far, there are very few laws or court decisions that define the limits of legality and enforceability of FAXed documents. To really be sure and protect yourself, follow up all FAXed documents with a "hard" copy in the mail to be returned to you with original signatures. Other points to remember:

Over time, the FAX will fade from the thermal paper. For any document that will be saved for the future, make a photocopy and file this instead.

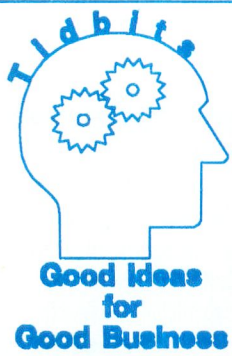
Consider including a clause in your contracts that acknowledges FAXed signatures as binding.

Carefully check the quality of any faxed document. Make sure all parts are clear and readable. It is hard to enforce a fuzzy document.

Q. One of our employees is "fraternizing with the enemy" -- can I fire her if she won't stop this?

A. As uncomfortable as you may be with the situation, your employees have the right to socialize with whomever they choose. When they are not on duty, their time is their own. An employer cannot dictate an employee's decisions on personal issues such as child care, transportation, hobbies, friends, or romantic involvements as long as there is no interference with job performance. If you do find evidence of actual harm being done to your business (such as trade secrets or privileged information being leaked), check with your company's legal counsel before you take any action.

What publications dealing with property management have you found to be invaluable, indispensable, just plain helpful, or good for a chuckle? Send us a copy or all the vital details (author, title, publisher, subjects and your comments) and we'll pass along your recommendations in a future column.



Farm your residents as potential buyers. Communicate with them several times a year to let them know you can assist them when they are ready to buy.

If a condominium complex won't allow signs check with local ordinances to see about putting the sign at an intersection close to the complex with the name of the complex and unit number for lease.



When you are writing to your residents, occasionally enclose a survey for them regarding your services. If they have a legitimate complaint, it will help you improve your management. Even if you don't feel the complaint is legitimate, you will have an opportunity to correct mistaken perceptions and improve poor relationships. If a response is complimentary, send a copy to the owner with the monthly statement.



To encourage tenants to pay on time, try this clause in your rental agreement where appropriate:

ALL APPLIANCES REMAIN THE PERSONAL PROPERTY OF THE LANDLORD AND CAN BE REMOVED WITH 24 HOURS NOTICE IN THE EVENT OF NON-PAYMENT OF RENT.



Quality of customer service will be a significant factor in the success of businesses in the 90's, according to Bill Marriott, Jr., of Marriott hotels. He says nothing replaces being in touch with the "front lines of service." And that means management should ask employees, who deal with the customer, what their problems are -- and then fix them.

NARPM Chapter Notes

- The Houston group now boasts 18 members, well on the way to the 25 members necessary to form an NARPM chapter.
- Tennessee property managers will meet June 18th. Call Jere McGarr at (615) 385-2217 for time and location.
- Atlanta area property managers will meet in June. Contact Rob Fowler at (404) 998-9300 for date and location.
- Arizona property managers will meet May 17. Contact Arthur Shulkin (602) 299-2100 for time and location.

Keep a Good Thing coming your way!

This is your **LAST** newsletter if you haven't joined NARPM or if you haven't paid your 1991 dues.

Don't miss the next issue of **RESIDENTIAL RESOURCE** and don't miss out on the many benefits of NARPM membership!

Write, FAX or call today.

NARPM
P.O. Box 15124
Atlanta, GA 30333
(404) 985-6833
FAX (404) 985-6843

National Association of Residential Property Managers

Post Office Box 15124
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