

p9

There are basic functions to property management, but what more is involved?

p11

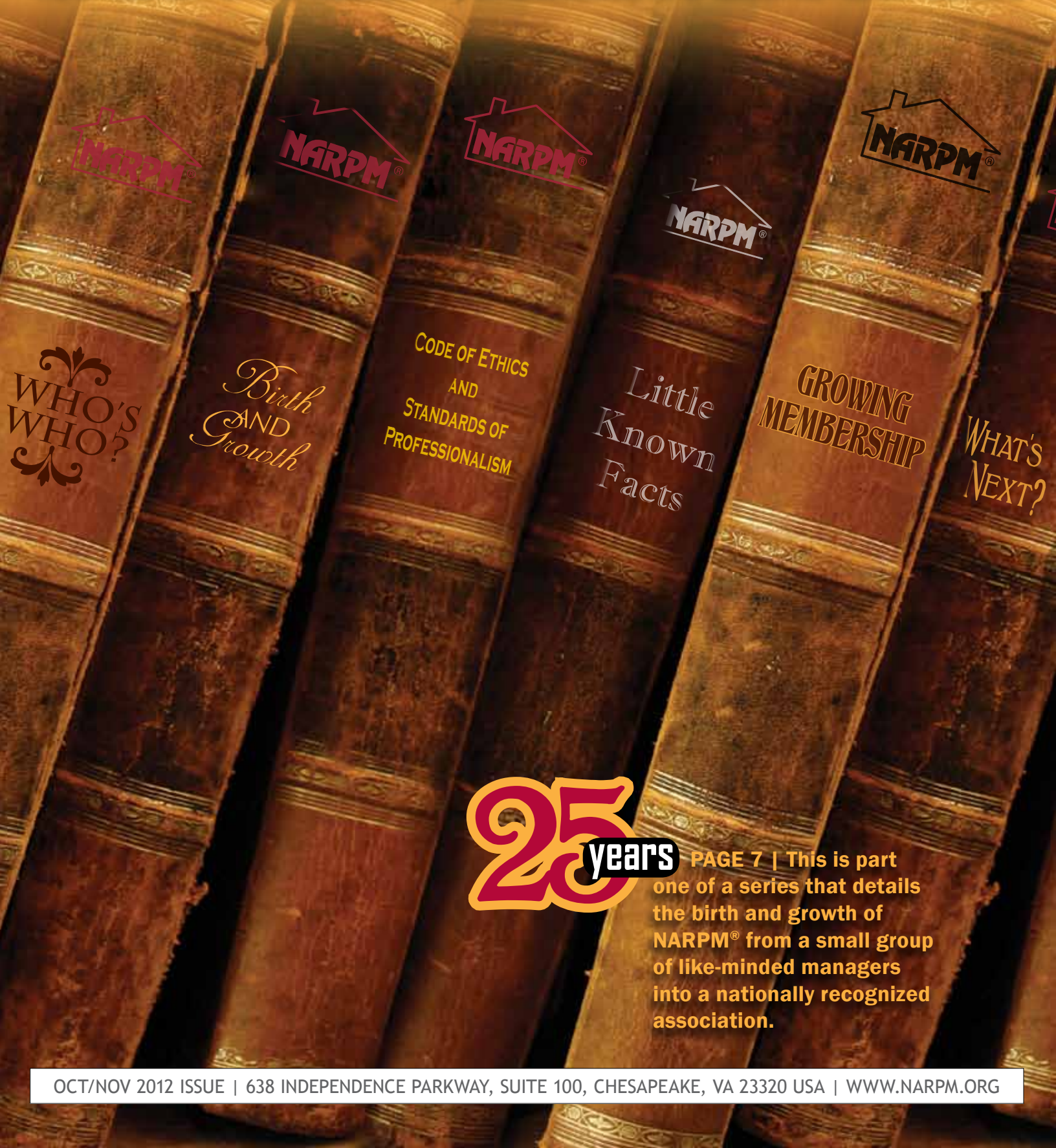
12 questions to ask before adding an in-house maintenance company?

p16

Are you caught off guard by the perception that what you do carries less status?

RESIDENTIALResource

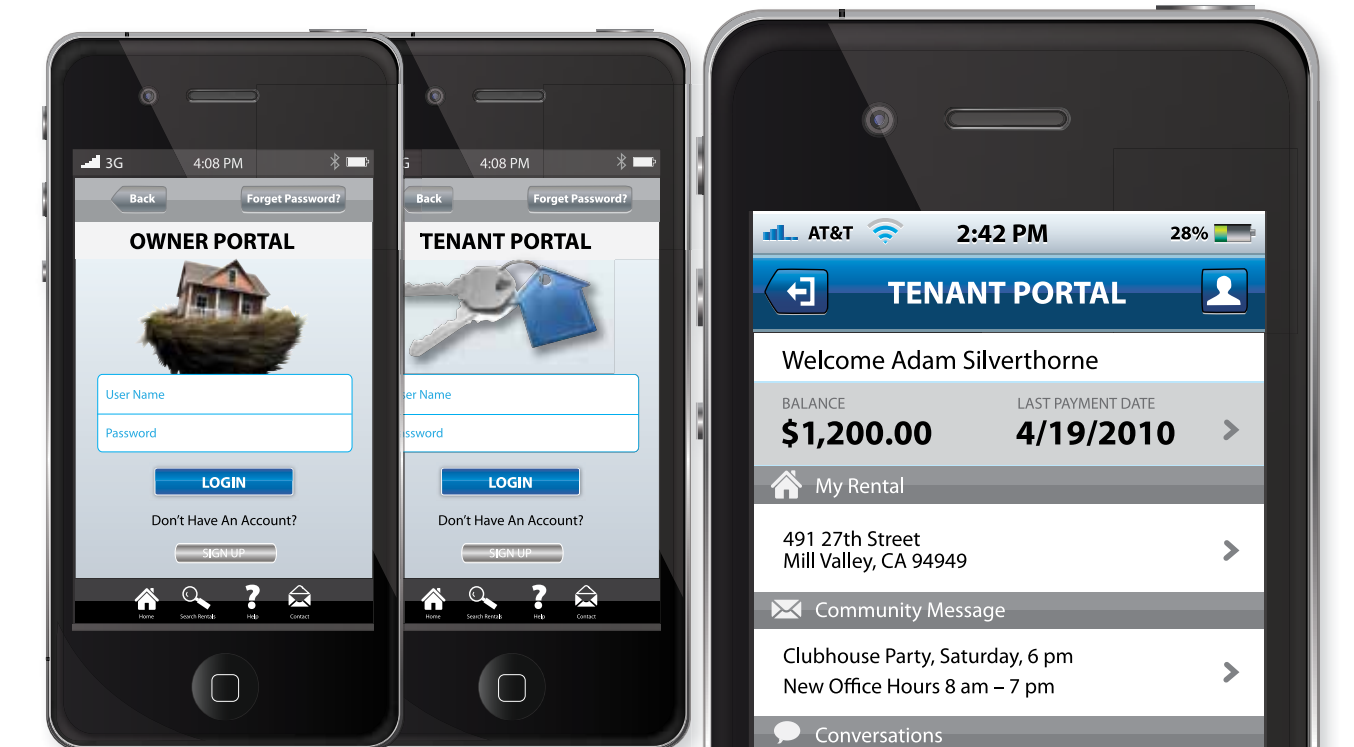
THE OFFICIAL MONTHLY NEWS MAGAZINE OF THE NATIONAL ASSOCIATION OF RESIDENTIAL PROPERTY MANAGERS



25 years

PAGE 7 | This is part one of a series that details the birth and growth of NARPM® from a small group of like-minded managers into a nationally recognized association.

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IN THIS ISSUE Oct/Nov 2012

The mission of the National Association of Residential Property Managers is to be the professional, educational, and ethical leader for the residential property management industry.

FEATURE ARTICLES

- p7** **Part 1: An Association is Born: A History of NARPM®**
Steve Urie, MPM® RMP®, begins a series that details the birth and growth of NARPM®. Part one introduces us to NARPM®'s initial organizers. There are some surprises along the way.
- p8** **Would Owners Be More Inclined to Sell?: 0% Capital Gains Tax 2012**
Richard Hart, NARPM® Affiliate member and President of Hart & Associates Tax Consulting and Preparation Services, explains why it may be important for owners interested in selling to do so by the end of 2012.
- p9** **Property Management: Six Basic Functions Plus...**
Russell A. Hathcock, RMP® candidate, explores the means in which to create an income producing property. He breaks down the concept of property management to its basic core level, plus more.
- p11** **In-House Maintenance Company (IHMC): Part 1: Is It Right For Me?**
Arthur Kowitz, RMP®, begins part one of a three part series that will help you explore the feasibility, benefits, and pros/cons of the addition of an In-House Maintenance Company (IHMC) to your existing property management business.
- p16** **Bad Elevator Music: Are You a "Real" REALTOR®?**
Kathy Gaspari, RMP® candidate, ponders the undercurrent running through public perception that a property manager's job is not equal to that of a REALTOR®.



MONTHLY COLUMNS

- p5** President's Message
- p6** From the Desk of the Executive Director
- p14** Legislative Scoop
- p18** Technology Matters
- p20** Regional Communications
- p22** Membership Growth
- p24** Chapter Spotlight
- p25** Designation Classes
- p26** Ambassador Program

EDITORIAL MISSION

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.

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PRESIDENT'S Message

“We can learn a great deal about *Leadership by Example* from watching the instinctive behavior of animals.”

LEADERSHIP
BY *example*



The President's Reception will take place Tuesday, October 16th at the Smithsonian National Zoological Park. This beautiful 163-acre urban park is located in northwest Washington, DC. Guests will have the pleasure of exclusively enjoying the park and its peaceful settings while dining amongst exotic birds and mammals. Please join us for an evening at the Smithsonian National Zoo as we celebrate, not only NARPM®, but this wonderful facility and its mission to provide leadership in animal care, science, education, and sustainability. We can learn a great deal about *Leadership by Example* from watching the instinctive behavior of animals. Kivi Bernhard's session will also reinforce this theme.

I wish to thank our affiliate sponsors, RentalHomesPlus.com and Propertyware, whose generous donations to the Smithsonian have made this event possible.

Originally founded in 1889 by an

Act of Congress, the Smithsonian National Zoo has excelled at its mission to provide leadership in the animal-centric areas previously cited. It has managed to do this while caring for approximately 2,000 animals from 400 different species.

The National Zoo was originally tasked with the advancement of science as well as providing a place for the public's instruction and recreation. To meet these tasks, its facilities were built to serve as a refuge for rapidly vanishing North American species like beavers and bison. However, the focus and scope of these conservation efforts has grown exponentially throughout the years.

Today, the National Zoo's facilities continue to reflect its commitment to the care and well-being of its animals. Rare and endangered species, such as golden lion tamarins, Sumatran tigers, Sarus cranes, sloth bears, red pandas, and clouded leopards breed and raise

their young in natural group environments that foster their emotional and physical well-being. No other animal stands out more as a symbol of conservation than the giant panda.

Amongst the Zoo's many guests, the giant pandas have been one of its most memorable and popular for over 30 years. They are one of the many animals that highlight the National Zoo's continued efforts to celebrate, study, and protect endangered species and their habitats throughout the world.

This event will be fun and educational, providing a great opportunity to network and spend time with friends. This is a ticketed event and space is limited so register now for this popular event. I look forward to seeing each of you in a few weeks!

A handwritten signature in black ink that reads "Jayci Grana".

Jayci Grana, MPM® RMP®
2012 NARPM® President

NARPM®'S FINEST by President Grana

I would like to recognize PJ Chapman, MPM® RMP®. PJ has been a member of NARPM® since 2006, earning his RMP® designation in 2007 and his MPM®

designation in 2009. He served as a Certification and Designation Mentor, and also served on the Finance Committee, Member Services Committee, Ethics Subcommittee, Convention Committee, and was a member of the Next Generation

Professionals. He currently serves as the National Member Services Chair. PJ is an extraordinary example of what *Leadership by Example* is all about. Please be sure to let him know how much his hard work and dedication is appreciated.

From the
DESK of the
Executive Director



Gail S. Phillips, CAE

Over the next year, you will learn about the growth of NARPM® through past presidents and articles in this magazine.

Can you believe that NARPM® is 25 years old? It is interesting to learn how NARPM® began and grew to where it is today. You may be surprised by some of the events. Over the next year, you will learn about the growth of NARPM® through its past presidents and articles in this magazine. You can see how the organization began with just 14 members and now, we are over 3900. We owe a great deal of thanks to Ralph Tutor who brought property managers together, putting his personal feelings to the side, and agreeing to be President of the Association for the first year.

Residential Resource began as a four page, black and white newsletter. There were no advertisers and articles were much less detailed. As they say, "We've come a long way!"

Are you aware of the marketing tools that were used in NARPM®'s early days? The board of directors would fly into airports, go to the payphone booths, pull out the property managers listing in the Yellow Pages, and used that as their marketing list. This was a great tool back in the 80s to help NARPM® grow. Think about what tools you use to grow your chapter and I bet it is still word of mouth and e-mails. At National, we track how members learn about NARPM® and the majority of new members have learned about the association through other members. The second means of new membership is the Internet and the new online application.

Think about your personal marketing efforts. Have they changed since you began in business? If you are ready for fresh ideas, make sure you are at the National Convention in Arlington (Crystal City), VA. Andrew Propst, MPM® RMP®, will give you some great tips on how to grow your business through marketing. Be sure to check out the other sessions and workshops available through www.narpm.org. Finally, make sure you are at the Wednesday Business Development Session where Kivi Bernhard will help you

use the hunting habits and techniques of the African leopard to improve the growth of your business! The Convention Committee has put together an outstanding program for everyone in attendance along with a sold out trade show. Hope to see you there!

Do you remember the 80s? Many of us were starting our careers while the Next Generation of Professionals were still in elementary or middle school. It is time to see how all the generations remember the 80s at the closing night celebration which is an "80s dance party!" Make sure you are there and enjoy a fun night and see everyone dressed in 80s attire.

We are looking forward to a great 2013. The first event coming up in 2013 will be the Broker/Owner Conference in Las Vegas, NV on February 19 and 20. This event will be held at the Monte Carlo Hotel. Chris Hermanski, MPM® RMP®, is serving as Chair, and Tony Drost, MPM® RMP®, is vice chair. They have a great planning group who will put together another outstanding program for broker/owners. Put this date on your calendar now and watch for details at <http://www.narpm.org/conferences/brokerowner/>. Hotel information and preliminary schedules and registration forms will be posted there soon.

The year is almost over, but NARPM® still has some new things in the works, including the introduction of two new education classes! The association continues to grow, thanks to all the support you, the members, give to your local chapters and the national association. On behalf of the leadership and management staff, we thank you.

Until December, take care! 🏠

Gail S. Phillips, CAE

NARPM® Executive Director



Part I: An Association is Born

A History of NARPM®

This is part one of a series that details the birth and growth of NARPM® from a small group of like-minded managers into a nationally recognized association. Part one introduces us to the NARPM® initial organizers. We will have several contributing authors as the history is recounted over the next months.

The idea for NARPM® was born when Ralph Tutor of Real Estate Software, Inc. was conducting productivity seminars throughout the U.S. Many property managers attending his seminars expressed interest in starting a national association for residential property managers. Initially, Ralph resisted the pressure to spearhead such a project, thinking it was a conflict of interest. He finally relented and sent invitations to some of his software users for a Dallas meeting on May 26, 1987. The minutes of that meeting have been lost, although Peggy Rapp, MPM® RMP®, still has the resolution and agenda.

Despite his own protests, Ralph was elected President. Susan Gordon, MPM® RMP®, of Nashville, TN, was elected Vice President. The remaining people were, by acclamation, elected to the Board of Directors. In addition, one board member recommended a friend to act as the Executive Director for the newly formed association. Each person present wrote a check for the first year's membership dues and gave them to the board member, who gave them to his friend, the new Executive Director.

A year and two meetings later, the board couldn't locate its Executive Director or its money. After some investigation, they discovered the Executive Director had stolen the money, murdered his wife, and been sentenced to life in prison.

Needless to say, the association struggled. Ralph had several personal tragedies within his family and it is a tribute to him that during this very difficult time in his life he remained committed to the concept of a national organization for residential property managers. It was with this thought in mind that he mailed another 60 letters to his software users announcing a meeting in New Orleans to reorganize the association.

On October 21, 1988, 13 property managers gathered with Ralph in the Fairmont Hotel in New Orleans. They were Susan Gordon, MPM® RMP®, Steve Urie, MPM® RMP®, Peggy Rapp, MPM® RMP®, Janet and Terry Robertson, RMP®, Mary Welch, Jo Ellen Watson, Jan Kirkpatrick, Ron and Corky Beck, Helen Daniel, Jeannette Romani and Karen Ebert, MPM® RMP®. It was a very diverse group. One person came wearing a Hawaiian flowered shirt and Bermuda shorts (he left his camera in his room). Another arrived in cowboy boots, bolo tie and blue jeans. Yet another came in a suit and tie. As diverse as the group was, it was very cohesive and had a sense of mission.

The first order of business was to release Ralph from his Presidential obligation with a vote of appreciation for his service. In recognition of his efforts, the group presented Ralph with the first NARPM® membership certificate. Two years later, he was honored as the association's first honorary member.

The second order of business was to nominate officers. They were Susan Gordon, MPM® RMP®, President; Steve Urie, MPM® RMP®, First Vice President; Terry Robertson, RMP®, Second Vice President; Mary Welch, Secretary; and Peggy Rapp, MPM® RMP®, Treasurer. (The First and Second Vice Presidents were later changed to President-Elect and Vice President.) The remaining attendees were once again, by acclamation, elected to the Board of Directors. Committees were also formed with everyone serving on at least one; almost everyone present was also elected as a committee chairperson.

In hindsight, it is easy to see that the most important election that day was Susan Gordon, MPM® RMP®, as President. Susan was gifted in motivating people to do their jobs, which in reality were two or three jobs each. It was because of her determination, fortitude, and strength of character that the fledgling organization started to grow. 🏠

Next month: The new board makes some tough decisions.



Steve Urie, MPM® RMP®, is the President and property manager of Mesa Verde Property Management. He has been involved with residential property management for 22 years. Steve holds a BS in Marketing & Finance and an MBA in Management Information Systems. Steve is a founding member, Past President, and past national board member of NARPM®. He has also chaired the Membership, Convention and Legislative committees and served on the Education, Certification, Finance and Management Selection committees. He also served as President of the Phoenix (Arizona) Chapter for three years. He is also a NARPM® instructor. Steve is a member of SouthEast Valley Regional Association of REALTORS®, and a member of their Legislative Committee and a state approved real estate instructor. Steve was named REALTOR® of the YEAR 2003 and is very active in his community.



Richard Hart, EA, CAA, earned a degree in accounting and has since acquired experience putting his knowledge to work in the construction, manufacturing, service, restaurant, banking, and real estate industries for over 13 years. In 2006, Richard opened his own practice, Hart & Associates Tax Consulting and Preparation Services, to specialize in tax accounting and has earned the credentials of Enrolled Agent and Certified Acceptance Agent with the Internal Revenue Service. He has effectively helped hundreds of clients to successfully navigate US tax law and preserve their wealth. Hart & Associates is a NARPM® Affiliate member and Richard can be reached at Richard@hartassociate.com

Would Owners Be More Inclined To Sell? 0% Capital Gains Tax 2012

Do you have clients who own a rental property and are thinking of selling before the end of 2012? Are they concerned about paying 15% capital gains tax? Would they be more inclined to sell if they could pay 0% capital gains tax?

Starting with 2008 and ending with tax year 2012, the long term capital gains tax for moderate income earners has been 0%. (Long term meaning, asset has been held for one year or longer).

United States Capital Gains Taxation (2008-2012)

Ordinary Income Tax Rate	Short-term Capital Gains Tax Rate	Long-term Capital Gains Tax Rate
10%	10%	0%
15%	15%	0%
25%	25%	15%
28%	28%	15%
33%	33%	15%
35%	35%	15%

If you own a rental property and have moderate income, perhaps you can take advantage of the 0% rate. First, you have to remember that the tax rate is based on taxable income, not adjusted gross income. Listed below are target numbers to take into consideration to see if you qualify.

Federal Income Tax Brackets for 2012

Tax Bracket	Married Filing Jointly	Single
10%	\$0 – \$17,400	\$0 – \$8,700
15%	\$17,400 – \$70,700	\$8,700 – \$35,350

Now remember, I mentioned that the rates are based on your taxable income? I am going to show you a basic way to determine what taxable income is.

Let's assume we are dealing with a married individual and the household gross income is \$90,000.

They may think that based on the above tables, they do not qualify, but here is what you need to do.

1. Subtract out personal and dependent exemptions.

For 2012, each exemption is \$3,800. I am going to use a couple that has one child for our purpose. So for three people we have an \$11,400 exemption. (\$3,800 x 3)

2. I am going to assume that they are taking the standard deduction which is \$11,900 for 2012. (Most people who own properties more than likely itemize their deductions which will be larger than the standard deduction).

So based on the above facts, we start off with \$90,000 and subtract the \$11,400 dependent exemption and also subtract the standard deduction of \$11,900 which leaves them with taxable income of \$66,700. They now are in the 15% tax bracket and can sell their long term rental property and pay 0% capital gains tax.

AND THEN, THERE'S DEPRECIATION RECAPTURE!

Depreciation recapture is a totally different tax subject not related to the 0% capital gains tax law. But it does play into consideration if a person is thinking of taking advantage of the 0% capital gains tax.

To establish if a person has capital gains they first need to take into account what they already have depreciated in the past.

For a simple example: If a person purchased a home for \$100k and sold it for \$150k, it seems like they have a capital gain of \$50k. However, if they have owned the home for 10 years and depreciated \$50k over that period of time, then they would have a gain of \$100k.

\$100k purchase price
- \$50k depreciation
= \$50k basis in property

\$150k sales price
- \$50k basis in property
= \$100k gain

Now we have to dissect the gain to determine how it will be taxed.

The rule is this: When your overall gain is greater

Continued on page 23 "Capital Gains"



Property Management Six Basic Functions Plus...

Standing in front of a group of business students, Ray Kroc, founder of McDonald's, asked rhetorically, "What kind of business is McDonald's?" Chuckling, the students replied the obvious answer that McDonald's was a fast food hamburger business. Rejecting that answer, Kroc went on to describe that McDonald's is a real estate investment company with the objective to buy, hold and sell the best income producing properties throughout the United States and the world. Selling cheap hamburgers and a kid friendly atmosphere were simply the means in which to create an income producing property, Kroc expressed.

With Kroc's sentiment in mind, I posed a similar question in a recent staff training meeting. I asked, "What does a property manager do?"

Now, property management is many things to many people and there are many styles of property management to consider when answering. However, generally speaking, I find that most property management companies and their staff do the same or similar things.

In order to fully realize what property managers do, one must break down the concept of property management to its basic core level. Property management is comprised of six basic functions. They are (as I see it, and in no particular order):

- **Leasing** – including listing & marketing;
- **Bookkeeping** – including rent and fee collection;
- **Notification** – late rent, breach notices, reminders, statements, etc.;
- **Maintenance** – including security deposit related repair;
- **Inspection** – move in/out, annual, etc.;
- **Office management** – office policies, law compliance, staff related issues, etc.

Sounds simple enough, property managers perform six separate functions as listed. Not quite. These six items are loaded with meaning and have many responsibilities and processes involved with each. They must also be put into practice by three types of skills and resources in which to accomplish them. These skills and resources are as follows (again, as I see it, and in no particular order):

- **Education** – be a member of NARPM®, know

what the law says (federal, state, local), have the proper licensing, and know which duties are outlined in contracts and which are not.

- **Communication** – properly communicate promptly with owners, tenants, vendors, and staff using adequate phone, fax, website, email and/or mail systems.
- **Organization** – be organized, be clear about which staff member is assigned to which duties, have multi-tasking abilities, have adequate contracts (management agreement, lease, and other forms), and have an adequate PM software.

OK, so property managers perform six functions using three types of skills and resources. Again, not quite. These are, of course, vital and important elements of property management, but still, what do property managers do?

Shifting back to my staff meeting, several felt that the answer to the question was simple, "we manage properties." But, is that correct? To me, the following entities all manage property: 1) a home owner who pays their mortgage, management fees, taxes, repairs, etc., 2) a tenant who lives in the property and pays rent to be there, or 3) a vendor who maintains the property. But, a property manager doesn't (typically) do any of that. They just facilitate the processes.

To answer the question as I see it, property manager duties are more clearly defined as:

- **People Management** – being able to effectively use resources in advising owners, tenants, vendors, and even other staff members of expectations in accomplishing key property management functions.
- **Time Management** – effectively scheduling events, prioritizing, and multi-tasking communication in order to manage people.
- **Event Management** – effectively scheduling lease signings, move in/out processes, inspections, and appropriately handling un-planned events (like "skips" or major repairs).
- **Problem Solving** – the glue that holds it all together. Juggling people, time, and events using skills and resources in order to accomplish key



Russell A. Hathcock is an RMP® candidate and Designated Broker of East Valley Property Management, LLC in Mesa, AZ. He began his management career in 2004 and became Broker of their 25 year old family owned company in 2009. He is excited about NARPM® and is becoming involved in his local chapter. He also obtained a business administration and marketing degree from the University of Phoenix in 2007.

Continued on page 12 "Six Basic"

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In-House Maintenance Company (IHMC) Part 1: Is It Right For Me?

This is part one of a three part series that will help you explore the feasibility, benefits, and pros/cons of the addition of an In-House Maintenance Company (IHMC) to your existing property management business. I begin with twelve frequently asked questions.

1. WHAT BENEFITS CAN AN IHMC OFFER?

- Quicker response to repair requests.
- Extra eyes watching your tenants and properties.
- Better scheduling control.
- Control quality of work.
- Minimize the “over-fixing” of issues by self serving vendors.
- Cost saving to your clients.
- Repair your own properties.
- Make more money.

2. HOW DO I KNOW IF AND WHEN AN IHMC MAKES SENSE FOR MY PROPERTY MANAGEMENT FIRM?

- A management inventory of 125 units should be enough to warrant one or more staff repairmen.
- An inventory of 250 units provides enough demand to really make dollars and sense.
- The larger your inventory, the more an IHMC is the right move.
- I recommend researching your IRS form 1099s from last year to determine what your firm’s owners spend on painting, cleaning, plumbing, HVAC repairs, etc.
- If the money is already being spent, keep it in-house.

3. WILL AN IHMC MAKE ENOUGH PROFIT ABOVE MY CURRENT OVERRIDES/COMMISSIONS TO BE WORTHWHILE?

- You can continue to charge from your fee schedule whether the work is performed in-house or vended to an outside provider.
- The profit from IHMC operations is additional.

4. CAN I OFFER A COST SAVINGS TO MY CLIENTS AND STILL MAKE A PROFIT?

- Yes. For repairs that are complex in nature or require a license or permit, we recommend using the appropriate specialist.

- However, many repairs can be properly performed reliably by a skilled handyman at less than the specialist might charge.
- Specialists are so expensive that you can mark-up a handyman’s time, save quite a bit of money for your owner, and still make a nice profit.

5. WHAT LICENSES, INSURANCE, AND ADMINISTRATION ISSUES MUST BE ADDRESSED?

- Your local occupational license and state issued Brokers license should be enough to get started.
- Consult with your insurance agent to add proper liability insurance.
- Since much of the work is cleaning and painting, start by asking about rates for a janitorial service, then go up from there.
- Purchase Workers’ Compensation insurance.
- Select software that will work in concert with your existing property management package.
- Avoid using paper work orders and other manual systems, as they will quickly be outgrown and do not offer valuable reports.

6) CAN I LIMIT MY LIABILITY IN WAYS OTHER THAN JUST BUYING INSURANCE?

- Being a drug-free Workplace, having a formal safety program and quality control program, and offering positive incentives for safety are effective.

7. DO I NEED A CONTRACTOR’S LICENSE TO OPERATE MY IHMC?

- In Florida, the contractor licensing statutes give licensed real estate brokers an exemption allowing them to act as a contractor on jobs up to \$5000. Check with the contractor licensing laws in your state.

8. HOW DO I FIND AND KEEP A QUALIFIED STAFF OF WORKERS?

- Advertise in the local newspaper or on Craigslist. Use job specific hiring quizzes, job descriptions and prudent background checks.



Arthur Kowitz, RMP®, is the CEO of AWBAM Enterprises, the owner/broker of Arthur Kowitz Realty, and 8 other corporations in Daytona Beach, FL. Established in 1990, AKR manages 900+ units, operates a seven tech maintenance department, and fields a six person sales team, all focused on the needs of the real estate investor. Married for 41 years with three grown sons, Arthur attended the University of Florida, served in the USAF and is an avid environmentalist. Having operated a successful In-House Maintenance Department since 1992, he was instrumental in the development of BoostPM’s support systems and software available for your Property Managers’ Maintenance Division. Arthur can be reached at arthur.kowitz@akr1.com

Continued on page 12 “IHMC”

Continued from page 11 "IHMC"

- Offer job benefits such as health insurance and IRA programs to attract dedicated people.
- Many people in the trades have never had such benefits and will look favorably on your company for years because of them.

9. HOW CAN I KEEP MY STAFF ACCOUNTABLE?

- Use GPS, quarterly job reviews, and the tracking of technicians' time efficiency and dollar productivity with a software program.

10. WHERE DO I GET SERVICE TRUCKS AND TOOLS?

- There are two schools of thought here. I prefer to hire only technicians with their own vehicle, pay for their fuel, offer a vehicle allowance, and buy "non-owned auto" coverage in my liability insurance policy.
- Few people will take proper care of company equipment.
- Require techs to provide their own hand tools.
- You may elect to purchase job specific equipment such as paint sprayer, pressure washer, etc. Refer to your 1099s from last year to make those decisions.


11. WHERE DO I FIND "HOW-TO BOOKS" AND RESOURCES TO HELP WITH REPAIRS?

- *Reader's Digest* publishes an excellent repair manual for building maintenance.
- For those oddball jobs, you will be surprised at the value of "YouTube."

12. HOW DO I KNOW WHAT AMOUNT TO BILL FOR VARIOUS REPAIRS?

- The easiest way is to bill by the hour, however that has its drawbacks.
- A preset schedule of repairs, flat-rate style, offers easier and more accurate estimates, makes technicians more accountable, and can make you more money.
- It is good policy to routinely outsource various jobs and compare the costs to you in order to offer your owners a savings while making a profit for your firm.

HOW DO I GET STARTED?

Read next month's installment: "In-House Maintenance Company, Support in the Office." 

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Continued from page 9 "Six Basic"

property management functions.

Years ago, while I was still learning the ropes of property management, I encountered a situation that taught me immensely. I was unprepared when a young tenant called me panic stricken saying that her husband found mold in the duplex unit in which she lived from a sewage leak from the upstairs bathroom toilet, and now her baby was sick. It was a situation that is cause for concern for any manager, but for the inexperienced it was horrifying. Soon after the call, I received a prompt visit from the tenants' real estate agent mother (also, the sick baby's grandmother) in my office. I mention that she was a real estate agent because she felt the need to continuously remind me of the fact, along with other comments that she knows the law, will be filing a law suit, and wanted to know exactly what I was going to do about her only dying grandchild. In that hour, I realized something; I was no mold expert, I didn't put the mold there and I certainly wasn't aware of the mold or the sewage leak. For me, it was a situation that engaged those primordial "fight or flight" instincts, when you find yourself in between a rock and a hard place and you don't know what to do. I chose to fight (the situation, not the tenant). The first step, I realized, was to calm everyone down by reassuring them that I was going to do whatever was humanly possible to get the situation fixed as soon as possible. The second step, call the owner to let them know the situation. We discussed the need for a licensed professional mold expert to assess the situation and to base our response on their findings. The findings were that the mold was extensive and the whole kitchen needed to be ripped out along with the cabinets, dry wall, ceiling, etc., and mold to be treated. We also decided to take the high road and immediately put the tenant into a hotel because they were scared and the size of the work would displace them. In less than five days, we were able to get the mold remediated, all the construction done, cabinets replaced, and the tenant back into their home, no sweat. At least for me. I realized, I was presented with a problem and it was my job to facilitate the solving process by figuring out who needs to do what, when things are going to be done, and how fast they can get there. I didn't touch or do any work with the mold personally, nor was I expected to – all I needed to do was what the professional recommended and then arrange it. I didn't pay a cent of the cost, nor should I – it was the owner's property and his financial burden (though I try to help the process be as cost effective as possible). At the end of the day, he wasn't happy that the situation happened – it cost him a lot of money, but he was happy that the problem got solved, and he had confidence in me for smoothly facilitating the process. In the end, there was no lawsuit. The tenants were happy, the problem was taken care of quickly, they got a kitchen that was nicer than when they moved in (pun intended), and their baby; well, it appears that paranoia was the cause of the sickness. By taking control of the situation and managing all of the people involved, the time it took to get things done, and the various repair visit events I learned what it meant to be a property manager. From there, I learned that this pattern can be applied to all of the other functions of property management as well, including leasing, bookkeeping aspects, notifications, etc.

Property managers juggle many duties and responsibilities. They offer an invaluable service to those who employ them when they fully understand what it is they are doing. Lee Iacocca said, "Management is nothing more than motivating other people." "Motivation is the art of getting people to do what you want to do because they want to do it," said Dwight D. Eisenhower. The key to being a great property manager is to first recognize the need to manage people, time and events while problem solving. Understanding this concept has helped me through the toughest situations and provided light at the end of a tunnel when a problem arises. 

The past presidents of NARPM® invite you to join them at their annual Golf Tournament to benefit local charities of their choice. This year's event

will take place on October 16, 2012.

Fore!

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THIS YEAR'S CHARITIES



Tournament Chairs Rose Thomas, MPM® RMP®, and Kit Garren, MPM® RMP®, have chosen two equally worthy organizations.

Rose selected the ALS Association - DC/MDVA Chapter in honor of her brother Tony, who has been bravely battling amyotrophic lateral sclerosis (ALS - also known as Lou Gehrig's disease) since 2008. Tournament proceeds will be used to establish a fund in Tony's name which will provide financial assistance to patients for expenses not covered by insurance, such as special equipment and modifications to their homes.

The Corporate Angel Network is Kit's charity of choice. This non-profit organization's sole mission is to help cancer patients access the best possible treatment by arranging free travel on corporate jets to transport patients to specialized treatment facilities across the country. The assistance provided not only improves patients' chances of survival but also reduces the emotional stress, physical discomfort and financial burden faced by the patients and their families. Kit and his wife Marilyn lost their daughter Jessie to a rare form of cancer in 2008, but experienced firsthand the life-extending services of the Corporate Angel Network and their caring network of volunteers.



National Association of Residential Property Managers

LEGISLATIVE Scoop

KEEPING OUR MEMBERS CURRENT ON THE NEWEST INDUSTRY LAWS AND POLICIES NATIONWIDE.



Dan Scott, RMP®, is a native of Nashville, TN, where he resides with his wife of 36 years, Ann. He is a graduate of Vanderbilt University, and worked over 30 years in the new and used car business in various positions, including owner/operator of two dealerships. He has been associated with Tarkington Company, a 40+ year old boutique real estate firm in Nashville, in residential property management for 10 years. Dan has served the Nashville Chapter in various leadership capacities and is currently Chapter Past President and a MPM® candidate. He serves as Chair of the 2013 Eastern Regional Convention to be held in Nashville in March, 2013.

Better to laugh than cry, sometimes, when we face such business-killing ordinances and legislation.

Just Think About It . . . Concluded

In part one of this article, which appeared in the September 2012 issue of *Residential Resource*, I discussed local, state, and federal government intrusion via unnecessary, restrictive “choke the life out of our business” legislation and ordinances. I stated that “in my opinion, the basis for our having to deal with such issues is the election to city councils, state legislatures, and the U.S. Congress of men and women who are Big Government Types – those who, for a variety of reasons, favor more regulation of business (a type of taxation), higher taxes, and less freedom for the free enterprise system.”

To complete this article, I contacted several fellow NARPM® members doing business in different sections of the country to learn of any “hot button” legislative/regulatory issues detrimental to our business. Deb Newell, MPM® RMP®, and 2012 Chair of the NARPM® Government Affairs Committee, shared with me an ordinance recently passed in her St. Paul area and other cities in Minnesota which epitomizes Big Government control thinking. Personally, I think this does great harm to owners and managers of residential rental property in the affected areas.

The ordinance establishes a “zoning overlay district” in the St. Thomas University area of St. Paul. My experience with overlays is that they are restrictive in nature and prohibit free activity in real estate dealings, particularly as related to “best and highest use” in establishment of value. This ordinance restricts student “density” in the area – a politically correct way of saying it discriminates against students leasing rental properties in the area. Specifically, the ordinance says if university students are living in a rental on an imaginary University Street, university students cannot lease another rental unit within 150 feet of unit one. Let’s say there are thirty houses on University Street on 50 foot lots and 20 of these houses are rentals. Only one of every four houses or 25% of the rentals could be occupied by university students – obviously hurting an excellent market for these properties.

The St. Paul Area Association of REALTORS® argued, unfortunately to no avail, that such an ordinance infringes on private property rights, fair and equal housing laws/REALTORS® code of ethics, and creates a de facto student rental density ordi-

nance. Additionally, they argued the ordinance creates obvious marketability and property value issues. They reasoned correctly, I think, that better enforcement of existing public nuisance ordinances would make such a “student rental district overlay” unnecessary. They closed their appeal to the board by saying “the proposed ordinance is attempting to apply zoning solutions to what largely amounts to personal behavior issues.” I think this is the type of ordinance the Big Government Types sitting on local councils, state legislatures and the U.S. Congress will continue to give us. Better to laugh than cry, sometimes, when we face such business-killing ordinances and legislation, so let’s have a little fun imagining where the kind of thinking that produces such ordinances might go next.

Suppose neighbors decide there are too many pets in their neighborhood. I wonder what pet behavior might lead to such a thought? These neighbors use their association to prevail upon the city council to establish a “pet density overlay” for said area. Or say the reverse is the case and they decide to prevail upon the council to establish a “reverse pet density overlay” increasing by ordinance the number of pets in a neighborhood. Every other rental occupant on such and such a street MUST own a “Fido” to be eligible to rent. Or to make the case a little more insane, there must be at least one red haired person occupying every three rentals on the street. Do you see where this type of thinking can lead? If government controls tenant mix in a rental neighborhood, where does it stop?

To my knowledge, the topic of “student rental housing overlay” has not been discussed by the city council in my market of Nashville even though our council is laden with members who are used by local neighborhood associations to establish ordinances that are detrimental to the residential rental business and to property values. I think all of us must be vigilant to keep our industry from facing more intrusive ordinances that have a strangling affect on business.

I will end this article with the same quote I used from Thomas Jefferson to end part one: “The natural progress of things is for liberty to yield and government to gain ground.” JUST THINK ABOUT IT! 🇺🇸

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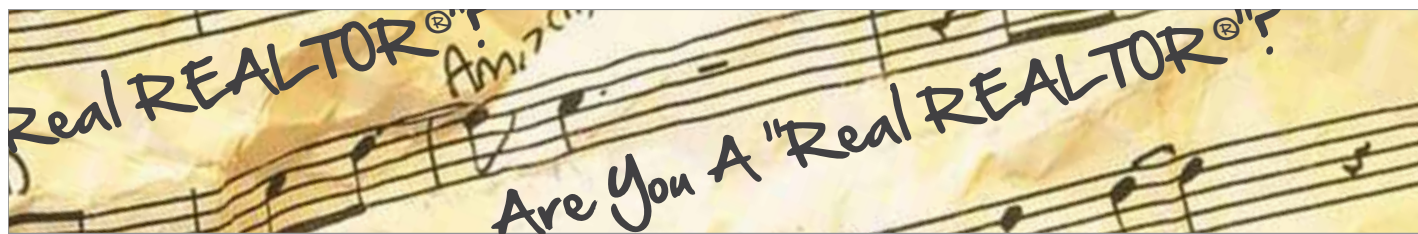
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Kathy Gaspari, RMP® candidate, is a REALTOR®/Property Manager for Prudential Tropical Realty in Clearwater, FL. She grew up around everything real estate and works with her husband, Tom, managing 150+ properties. She is a member of the NARPM® Tampa Bay and Florida State Chapters. Kathy loves spending time with her grown children, as well as drawing, reading and running races.

Bad Elevator Music Are You A “Real” REALTOR®?

Crickets! That was the reaction at a recent company meeting when a visiting broker tasked with rolling out a new maintenance service program used an awkward phrase. The property management division had been beta testing this program and it was now being offered company wide to, as she put it, the “real” REALTORS®. Wait a minute! What? “Real” REALTORS®? The phrase caught everyone in the room off-guard. We have a great relationship with the sales associate, so the uncomfortable silence that followed that statement highlighted her regrettable choice of words. Our group laughed it off and moved on.

Like bad elevator music, those words played over and over in my head all day. This formerly sales-oriented company has devoted considerable time and resources to create a lucrative property management division. How could they still have such an antiquated way of thinking? We felt great progress was being made when it was declared we were no longer just property managers, but we would now

rentals, I’m a REALTOR®.” We are also keenly aware of what is not said – the thought that we are failed sales agents that have had to resort to managing rentals.

I wish I could say I was unaware of these thoughts. However, that is not the case, and when these silent thoughts are said aloud they exasperate property managers.

So, what is a “real” REALTOR®? The ultimate goal of property managers and REALTORS®/sales agents seems to be the same – assisting clients with either finding a home or moving from a home. In that pursuit, we all follow the same four basic steps. However, in the world of property management, an extra step or two always seems to be required.

1. THE LISTING PROCESS

REALTORS®/sales agents list property. The process for listing a rental is the same for both property managers and REALTORS®/sales agents. There are contracts to be signed, pictures to take and marketing tasks to be performed. While, a seller

We felt great progress was being made when it was declared we were no longer just property managers, but we would now be referred to as Asset Portfolio Managers.

be referred to as Asset Portfolio Managers (APM). A big title for a big job. We are considered a member of the sales team that holds the title of APM, a specialty that requires additional training. We felt it was a step in the right direction. It definitely felt better than being called the Rental Department.

Property managers are aware of the undercurrent running through this profession and deal with it on a daily basis. When that inevitable question is asked, “What is your specialty?” As soon as we say what we do, we usually hear, “Oh, I could never do your job!” Or, “I don’t have time to mess with

understands “curb appeal” and will usually go above and beyond to get his property sold, many landlords need to be educated on just what “make ready” means. It doesn’t mean that your 95-year-old mother can clean the unit to save you money. It doesn’t mean closets, garages or backyard sheds can be stacked with an owner’s possessions. It doesn’t mean you can leave the broken, empty spa sitting on the lanai. “Broom clean” does not exist in our world. It’s either clean or it’s not. Our extra listing step usually centers around adjusting an owner’s definition of clean.

2. SHOWING A LISTING

REALTORS®/sales agents show property. The excitement of buying a home is unmatched. The job of finding a new rental is just plain work. Our clients tend to be late for appointments or just not show up at all. There are usually no apologies given, or even recognition that they kept a sales agent waiting in an empty house. When did a firm appointment become a suggested time? This lack of excitement on the clients' part has consequences unique to the property manager. Also, if it is not listed with a professional property manager, homes tend to be in very poor showing condition. A property manager's extra steps require firm showing confirmations and plenty of time spent apologizing for the condition of rentals on the market.

3. NEGOTIATIONS ON A BUDGET

REALTORS®/sales agents negotiate. Property manager deals can blow up over \$10 a month, not \$10,000. It's harder to meet in the middle when you're dealing in small increments. In this sluggish economy, potential renters try to negotiate everything, which can lead to conflict. Cleaning or painting in exchange for a lower rent seems to be the most popular and the fastest way to an argument later. That's a tightrope we must walk multiple times every day. We don't just negotiate price, move-in dates and repairs. Our extra steps require dealing with a person's lifestyle.

4. CLOSING YOUR DEAL

REALTORS®/sales agents close. When all the pieces come together, property managers get to sign a lease. The luxury of a closing agent does not exist in our world. We get to explain the lease ourselves, which takes skill and patience. Getting "minds to meet" after reviewing a lease document that is written to protect an owner can be a tense undertaking. The exchange of keys, gate cards, mailbox keys and remotes is not the end. Again, one step further is expected from a property manager. Each tenant must be given instructions on how to maintain the unit. How to shut off water, change a filter or flip a breaker are just some of the extra information that must be communicated to renters.

LET THE FUN BEGIN...

As REALTORS®/sales agents, you list, you show, negotiate terms and get the property sold. There are plenty of issues throughout the course of all transactions, but at the closing, REALTORS®/sales agents are done. That is just the beginning of a property manager's relationship with a client. We don't get to shake hands and say good bye to that fussy buyer and unreasonable seller. Instead, we get a year filled with the challenges of making a tenant understand filth leads to bugs, supervising children is necessary, pets must be picked up after, and if you want to stay, you must pay. Watching as good tenants get

sidelined with divorce, job loss and health issues can be very stressful. Evicting impossible tenants is maddening. We seem to always be in everyone's business. That's just Monday. Tuesday brings unreasonable owners that don't want to fix anything and seem to blame us when their 20-year-old stove or air conditioner breaks.

The rest of the week is filled with more of the same, bringing us to Friday night at 6 pm when everything starts leaking and stops working.

IS IT OVER YET?

At lease end, a property manager's job is still not done. We get to inspect the property for all the dirt and damage left behind. This inspection begins the final phase of the contract – the secured funds claims. This is usually an argument that begins with the words "It was like that."

Even the most rational tenants and calm owners take leave of their senses when this issue comes up.

This profession requires hard work and dedication.

In addition to listing, showing, negotiating and closing, REALTORS®/sales agents must also be good communicators and organizers.

Most property managers carry a large volume of units which means we must be extra effective at communicating and organizing. We must keep our emotions in check and try to remain calm in the face of some pretty nasty storms that don't come one at a time, but in waves. We deal with hundreds of people at the same time, all with their own wants and needs.

ARE WE "REAL" REALTORS®?

You bet we are! Though we practice the same fundamentals as sales agents, we rarely have an ordinary day. Many days go beyond ordinary and well into bizarre. We deal with many difficult situations at the same time that require skill and finesse to handle successfully. To imply we are not "real" shows a lack of understanding of what we do and most so called "real" agents cannot understand why we would choose such an all-consuming career path. We know it is not just a job, it is a lifestyle. Our lives are continually taking a back seat to whatever challenge we are facing. Property management is fast-paced and never boring. Like extreme sports, you are either on the edge of disaster or glory. We know we must perform everyday to a professional standard that is considered extreme, and just like those extreme athletes, we love what we do! 🏠

Editor's Note: Not all sales agents are REALTORS®. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is an active member of the National Association of REALTORS®. The term, "real" REALTOR® was taken from a quote as cited by the author of this article.

The ultimate goal of property managers and REALTORS®/sales agents seems to be the same – assisting clients with either finding a home or moving from a home.



Michael Mino is President and CEO of PropertyBoss Solutions, a provider of property management software. A serial entrepreneur, he has started a number of software technology firms and became a landlord in 1977 when he purchased his first rental units. For more information about Michael or PropertyBoss Solutions, visit propertyboss.com or call Michael at 864.297.7661 x26.

Finding the Right Fit

Although selecting software seems as though it should be a straight-forward process, it can be rather daunting with the amount of time required and the impact it can have on your business. As much of a hassle as this process can be, it is also a chance to reevaluate your business goals and adopt new processes to help you achieve these goals. Here is a guide to making your selection process easier while providing you with the best fit for your needs.

STEP ONE – DEFINE YOUR GOALS

Understand Your Key Success Factors (KSFs)

Start by identifying your business objectives. Based upon these goals, determine your KSFs and prioritize your requirements. KSFs are activities you must do well to be successful. Often, they are the answers to the question, “Why should a tenant/owner choose us?” They can be used to determine if a requirement is critical or not (i.e. if a requirement cannot be associated to a KSF then it is not important).

Define Your Key Performance Indicators (KPIs) and Seek Opportunities for Improvement

As with any project, you should determine which factors will be used to measure your success. A focused effort upon attaining your objectives can help to keep your project on track and on budget.

Many times these factors will emerge as a result of a desire to improve your business processes. Look at your current practices and software solution to determine what works for you as well as areas where you would like to see improvement. This evaluation is the most important step in the process as it will be the foundation upon which your search for the best fitting product is built. The more specific you are, the more precise you can be in your search.

Establish KPIs for this project as well as your business. Examples of project KPIs with sample parameters in quotes are:

- Time based: “Conclude the selection process by October 31” or “Complete data conversion and training before the Go-Live date of January 1.”
- Cost based: “The software should result in the need to reduce man-hours required for entering payments by x%.”
- Performance based: “With online entry of work orders and vendor access to work orders online, we

should be able to complete x% of work orders within y hours.”

- Customer satisfaction: “With 24 hour a day, online access to their accounts Our customers (both owners and tenants) should be happier with our service.”

More important are ongoing KPIs that you regularly track for your business. These should relate to the Key Success Factors identified above. Examples of business KPIs with sample parameters in quotes are:

- Growing the business: “Net number of owners (or units) added this month.”
- Vacancies: “Vacancy rates under x%.”
- Owner relationships: “All owner statements and payments should be sent out by the 12th of month.”
- Tenant relationships: “x% of work orders completed within one day.”
- Renewals: “x% of leases coming up for renewal sign a new lease.”

As we have suggested before in this column, set a budget and allow sufficient funds for data conversion and training. These activities can cost as much as the software solution, but is money well-spent.

STEP TWO – SELECT YOUR TEAM

Identify the Leader

To whom will you entrust this project? Select an individual with a passion for the project who is not technology averse. Their role is to champion the adoption, implementation, and success of this project. They should have a vested interest in the outcome and the full support of top management. It is important that they can quickly make decisions that impact the direction and operation of the business. It is also recommended that the executive sponsor be formally identified. This is often the business owner if they are active in the business.

The project leader (or champion) should be fully supported by the executive sponsor. Both individuals should fully support the KSFs and KPIs previously identified. Often the project leader is not selected until implementation is started. This oversight is a mistake... ensure that your champion is committed and in agreement with the objectives and selection process.

Get Buy-In from Your Team

Your employees are your primary users and can contribute to your search significantly with their knowledge.



Take the time to include their input which will help you to find the most effective solution and will secure their buy-in as well.

Communication with the entire team is fundamental to the success of the project. Communicating the scope of your project and getting sign-off at critical steps along the way from your management team keeps you from hitting any unexpected roadblocks. Reviews by other members of your team, like your accountant or IT person, can also be beneficial in the long-term to help you verify that the solution will work for them as well. They can help you identify aspects of the solution that are important to them and help you narrow down your choices to two or three products. They can also help you to measure the success of your project by providing an outside viewpoint.

Be on the lookout for the half-empty member of the team or organization. These individuals often are change averse. They often point out problems (both real and non-existent) that a new solution will create, thereby setting up the opportunity to say I told you so. Include them in the evaluation and try to address their concerns and obtain their support.

STEP THREE – DETERMINE YOUR OPTIONS

Perform an Initial Search

Look through trade magazines, perform an initial internet search, access the services of a software search consultant, or a web-source such as FindAccounting-Software.com or BuyerZone.com and look to what recommendations you may see through your social media channels and peer reviews. At this stage don't worry too much about pricing, functionality or other aspects of the software as you are simply creating a list of all feasible options to explore.

Begin Narrowing Your Selection

Compare the features of each solution to your business needs. Try to avoid getting into the weeds. Most of the basic features are available from all of the providers. Focus on the distinguishing characteristics that are related to your KSFs. Does the software track and report on the KPIs that you have identified? Make sure you aren't encumbering your employees with more features than they need while still allowing for future growth.

Tom Henschke of padeals.com mentioned that, during his recent search for property management software, room for growth was key. "My last solution became cumbersome as the product just didn't cover my needs. Although I wanted a product with room to grow, with this choice being a big investment, I wanted to make sure it had enough flexibility and ability to

adapt to our specific needs so it would work just as well for us right now."

Online product reviews can be useful to get an overall sense of product satisfaction, but keep in mind that most making the reviews are those who have had a wonderful experience or a terrible one. Better measurements of product satisfaction can be made by requesting to speak to current product users about their experiences with the product.

STEP FOUR – FINALIZE YOUR SELECTION

Issue a Request for Proposal (RFP)

An RFP will help you to communicate your needs in the same manner to each of the vendors on your short list. The vendor should answer the questions you have in relation to cost, features, system requirements and anything else you deem to be essential in your search.


You can also question the vendor about what the total cost of ownership will be. This includes things such as license fees, support, implementation, hardware, networks, add-on portals and communications to make sure you have no surprises later.

Test the Product

Once you have received the RFPs and had a chance to review them request a product trial from the companies you are still interested in. Spend some time entering sample transactions you use within your day-to-day business life. Verify that your team is comfortable with the program and its features before moving forward with asking one to two vendors to conduct the proof of concept. This task tends to be time-consuming for both you and the vendor but allows you to focus in on the vendors most likely to have the ability to win your business.

Jack Alhadeff of Normandy Court Holdings recently spoke of his satisfaction with his new software solution, partly due to the 30-day trial he undertook during his search process. "Switching software is not an inexpensive task and it can be daunting to invest that much without really knowing what you are getting into. A trial helped me to feel more secure with making my final decision as I knew that I was extremely satisfied with its performance, as was my team."

STEP FIVE – MAKE YOUR FINAL SELECTION

Congratulations, you've reached a great milestone! You have identified a solution that not only is the best fit for your company and your team now, but will give you room to grow in the years ahead. After a brief celebration, it is time to focus on the next phase, implementing the software that you selected. 

Start by identifying your business objectives. Based upon these goals, determine your KSFs (Key Success Factors) and prioritize your requirements.



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Richard Vierra, RMP® is the Principal Broker and Director of Property Management of Hawaii Reserves, Inc. in Laie, HI. Richard received a Bachelors Degree in Business Management and a Masters Degree in Business Administration prior to receiving his real estate license and broker's license. He served on the Long Range Planning Committee, and is one of the founding members of the Oahu Chapter and a former Chapter Treasurer and President. He is also a member of the Building Owners & Manager Association (BOMA) and the International Council of Shopping Centers (ICSC). Richard is currently serving as a NARPM® Regional Vice President for the Pacific Region.

The RVP Bulletin

It is entirely coincidental that the day my copy of the August issue of the *Residential Resource* arrived, I am also sitting down to pen my own RVP contribution to the same magazine. I always read the articles that are written by contributing authors, in part to gain a sense of what they say, but more so, to get an idea of what may be appropriate for me to share with our readership. Tonight is no different, as I thoroughly enjoyed the insight offered by Southeast RVP, John Bradford, RMP®. Tony Drost's, MPM® RMP®, discussion of his family's involvement in his volunteering with NARPM®, Cindy Rampley's, RMP®, review of the tremendous success of the Atlanta Chapter, Scott Abernathy's, RMP®, description of the Protecting Tenants at Foreclosure Act, and Angelia Lauster's article about accounting and bookkeeping, were equally well written and conveyed knowledge, energy and value. These were just a few of the articles I found applicable to me and I would imagine, very likely applicable to each one of us. To be able to peruse the writings of these NARPM® members the same day I write for the same magazine encourages and prompts me to focus on a topic that I hope is meaningful to each of us, and one that I gleaned from each of the articles I read this evening, and that is to get the job done.

On July 1, 1988, Nike, Inc. first used the iconic phrase, "Just do it" in its advertising campaign. Eleven years before that, Art Williams founded a company later known as Primerica with the same "Just do it" tag line. Daniel Lawrence Whitney (Larry the Cable Guy) coined the famous words "Git-R-Done!", while former President Harry S. Truman's most famous desk plaque read, "The Buck Stops Here." Further, the late Stephen Covey's 2nd of 7 *Habits of Highly Successful People*® was "Begin with the End in Mind," and another prominent writer once said, "It is better to get started, rather than just thinking about how to finish a task."

Yesterday, I spoke at a gathering of local professionals here in Hawaii on the topic of achieving success. Two things came to mind in preparing for that talk which transcends into this article:

The first, I credit to my attendance at this year's

NARPM® Sacramento Chapter's Vendor Fair where I was fortunate to listen to, and be inspired by their keynote speaker, former Olympian and WNBA Hall of Fame inductee, Ruthie Bolton. Ruthie shared with us that she grew up in McLain, MS, the 16th of 20 children, and at the young age of nine years old, picked up her first basketball. She recounted practicing and playing in her rural town of 1,000 people until the impression of the basketball was left in each of her palms. As a high school student, Ruthie led her high school to two state championships but was not offered a college scholarship like her sister, Maeola, who was heavily recruited and ultimately chose Auburn University. Yet, Ruthie was driven to pursue an education and use her talent, and instead of waiting for colleges to call her, called Auburn University for a tryout. Unlike Maeola, Ruthie had to pay for the long bus ride, as well as her stay there, only to be told by the coach that she'd have to walk-on and tryout, which she did. Ultimately, not only did she make the team, but soon became the team's starting point guard. So great was her impact on the team that twice in her four years there, Auburn made it to the national championship game. After graduating, Ruthie continued to play and practice while serving in the Armed Forces, and in 1996, became aware of the tryouts for the United States Olympic team. Again, despite her experience, Ruthie was not asked to participate. And once again, she had to tryout as a walk-on candidate. During the weeks of tryouts and grueling practices, Ruthie recalled that after each of the several cuts to the roster, she was still there and in the end, learned that she had made the Olympic team prior to the Atlanta Games. The United States women played their way to the gold medal game against Brazil, and the night before the game, Coach Tara Vanderveer told Ruthie she would start. Her responsibility was to guard Brazil's top player and leading scorer, Janeth Arcain. Not only did she guard Arcain, Ruthie's defense held her to just two points, and helped America win its first of five straight gold medals. Ruthie went on to be a franchise player for the Sacramento Monarchs of the WNBA. Not only

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Florida, Kentucky, Tennessee, Alabama, Mississippi.



2012

is she the only Monarch to ever have her number retired there, but last year she was inducted into the Women's Basketball Hall of Fame. Interestingly, and with great humility, Ruthie says that none of these tremendous accomplishments are what defines her, but rather how she never gave up and how she always kept trying; truly, a principle worth remembering.

The second, I credit to reading about Olympic swimmer, Michael Phelps. A recent ESPN article described the thrilling 2008 Olympic Games in Beijing, China and how Phelps swam furiously in one of his greatest races, the 100-Meter Butterfly. The article described how he and Milorad Cavic of Serbia swam stroke for stroke, meter by meter the entire length of the pool. And in the most important race of his life, at the 99th meter, Cavic inexplicably chose to glide into the wall rather than take that final stroke like Phelps did. The difference: Michael Phelps won the gold medal by 1/100th of a second – less time than it takes a human to blink an eye. Again, a principle worth remembering.

So as I addressed the local gathering here in Hawaii yesterday, and after I read and reread the August edition of the *Residential Resource* tonight, I thought of us as members of NARPM® and as leaders in our local communities, industry and families. I believe that we understand these two principles and do our best to practice them every day: The first: We never give up and always keep trying; we “just do it,” whether it is work, community or family, we keep trying. And the second: When we are given 100-meters to swim, whether it is at work, in our communities or with our families, we swim the entire 100-meters and not just the first 99. 🏊

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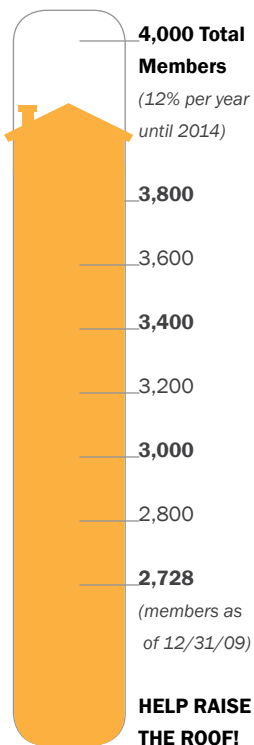


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Continued from page 8 "Capital Gains"


than your total depreciation for the property, then the amount you depreciated is taxed at a rate of 25%. This is called depreciation recapture.

In our example, the gain of \$100k is more than the \$50k that was depreciated. So the entire \$50k depreciation will be taxed at 25% and the balance will be taxed at the long term capital gain rate.

\$100k gain
\$50k depreciation x 25% (= \$12,500 recapture amount)

\$50k x long term capital gain rate
(Would be 0% if you were in the
10% or 15% tax bracket)

Some people might look at this and decide that it would make more sense not to depreciate (and thus avoid depreciation recapture tax of 25% at sale) because maybe they already have enough operating expense to carry a loss without taking annual depreciation. However, depreciation is a mandatory calculation and the IRS will apply it to the sale even if you have not taken it on any prior tax returns. Therefore, always take your tax depreciation due to you every year. Even if you do not really need it, at least you can carry the loss forward to a future tax year (such as year of property sale) when you can use it.

Obviously, each person's tax situation is different, and there are other factors to take into consideration but overall, this example can help individuals to see that they may be able to qualify for the 0% long term capital gains tax rate. Please speak with your tax advisor for more information. 

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CHAPTER Spotlight

SHEDDING SOME LIGHT ON THE EXCELLENT NARPM® CHAPTERS ACROSS THE UNITED STATES.



Barbara Barrows, RMP® candidate, has been a member of the Sacramento property management community since 1981, at various times filling the roles of office manager, bookkeeper, on-site manager, and Property Manager. She is currently a Supervising Manager with Sacramento Delta Property Management, CRMC®, responsible for the oversight of four Property Managers with a portfolio of approximately 600 properties. Barbara has been a member of NARPM® since 2007. She is presently serving her local chapter as the 2012 Publications Committee Chair. Barbara is a life-long resident of Sacramento, married 29 years, and has three grown children.

The Sacramento Chapter of NARPM® is looking ahead with enthusiasm and drive.

Sacramento

By the time you read this, the members of the Sacramento Chapter of NARPM® will hopefully be enjoying the cool weather and beautiful colors of autumn. However, as I write this, it is 106 degrees and we are baking! It was a long hot summer here in Northern California, where the Sacramento Chapter of NARPM® is located. Both our Property Manager and Affiliate members were kept busy fielding those broken air conditioner calls; and our owner/clients kept a wary eye on their water bills, as they tried to keep their lawns from turning brown in the heat.

The Sacramento Chapter of NARPM® was founded in 1992 by a group of local NARPM® members who understood the value of adopting and promoting the national mission statement in their own marketplace. Our chapter is proud of its legacy of service on the state and national levels. We claim as active members NARPM® Past President Robert Machado, MPM® RMP®, Past Presidents of CalNARPM® Ted White, MPM® RMP®, and Robert Winger, RMP®, and CalNARPM® President-Elect (2013) Bob Thomas, RMP®; just to name a few. Our current professional membership is 104 strong, and we hope to grow that number. We enjoy fabulous support from our 75 Affiliate members, who are always there to help us maintain our portfolios by providing the auxiliary services our owner/clients need.

Our Affiliates hold an annual Vendor Fair each year, and the 2012 event was spectacular. The planning committee, led by Jack Corry, our chapter's Affiliate Chair, set out the theme of the event to coincide with the Olympic Games. The participating Affiliates each styled their tables with Olympic Games (or London) decorations and a contest was held to determine which tables earned gold, silver, or bronze. The crowning achievement was our guest speaker, Ruthie Bolton! As one of the most accomplished female athletes in the world, a two-time Olympic Gold Medalist and one of only four players to be named to the Women's Basketball Hall of Fame Class of 2011, it was a wonderful experience to hear her message of inspiration and encouragement. Ruthie even presented the winning

"medals" to the winners of the table decoration contest. They may have been only plastic and ribbon, but how many people can claim to have been awarded a prize by an Olympic champion?

Our chapter also participated this year in a new home project conducted by our local Habitat for Humanity. In addition to raising a generous monetary donation, members of the chapter attended two building days, working alongside the recipient family. Some members were also able to attend the Move-In Day ceremony and join the family's celebration. It rained buckets and everyone was soaking wet, but the rain did nothing to dampen the mood of joy and accomplishment.

Giving back to our community has always been a hallmark of our chapter. Past endeavors have included gift basket auctions and a bowl-a-thon, to raise funds for donating to various organizations. Our current chapter President, Sarah Laroa, RMP®, is spearheading a year-long backpack drive to benefit the Mustard Seed School, which strives to provide education services to children of homeless adults in our community.

As our world and our industry changes, our members work to understand and meet those changes. Providing education is one of the key ways we undertake to do that. This year, our Education Committee presented classes on stress management, fair housing rules, and compliance with our local Rental Housing Inspection Program. Our Legislative Committee provides the membership with important information on tenant/landlord laws in our monthly newsletter. The chapter is a close-knit community of people who are always available to one another for support on a professional basis and, we like to have fun together as well. Our annual holiday party is always a popular event. This year, we will be taking a river cruise together, just to unwind, relax, and enjoy one another's company (and "talk shop," I'm sure).

The Sacramento Chapter of NARPM® is looking ahead with enthusiasm and drive. Our members truly enjoy the career they have chosen, and look forward every day to meeting its challenges and opportunities with integrity, diligence, creativity and humor. 🏠

DESIGNATION Classes

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10/15/12	Arlington, VA	Tenancy	Betsy Morgan, MPM® RMP®
10/15/12	Arlington, VA	Personnel Procedures Essentials	Vickie Gaskill, MPM® RMP®
10/16/12	Arlington, VA	Marketing	Robert Locke, MPM® RMP®
10/16/12	Arlington, VA	Personnel Procedures Advanced	Vickie Gaskill, MPM® RMP®
10/17/12	Arlington, VA	2012 Ethics	Fred Thompson, MPM® RMP®
11/9/12	Tucson, AZ	Owner/Client Relations Essentials	Steve Urie, MPM® RMP®

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- 1. Mail** form below to NARPM®, 638 Independence Parkway, Suite 100, Chesapeake, VA 23320.
- 2. Fax** your form with credit card payment to 866-466-2776. Please do not mail the original.
- 3. Online** registration is also available through Internet Member Services at www.narpm.org.

FEES (subject to change)

ⓐhour Course	Early Registration*	Registration
Member	\$195	\$250
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Retake	\$75	\$150
RMP®/MPM®	\$100	\$150
Candidate	\$180	\$250

ⓑhour Ethics

Member	\$45	\$45
Non-member	\$95	\$95

*To receive the early registration price, payment must be postmarked, faxed or e-mailed 30 days prior to the class.

COURSE INFORMATION

- Course flyers containing additional information may be downloaded from www.narpm.org/education/schedules.html.
- All materials will be given to students on the day of the class.
- Attendees required to make their individual hotel reservations.

CANCELLATION POLICY

Cancellations must be received in writing. If cancellation notice is received at least 30 days prior to the class, a full refund will be issued less a \$25 processing fee. If cancellation notice is received less than 30 days before the class, a 50% refund will be issued. No refunds will be made on the day of the class; however, the registration fee can be applied to a later class with a \$25 transfer fee.

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1. Contact NARPM® National for Membership Application brochures. Upon request, National can mail the application directly to the prospective member.
2. The 12-month period to obtain five new members starts the day the first application is processed.
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