

# Operations

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# Learning outcome: Operations

1. The importance of systems
2. Property Maintenance, Repairs and Constructions
3. Achieving Scale: Hiring, Training, Retraining, and Compensating Property Management Personnel.
4. Outsourcing Property Management.

## Beyond Record Keeping: the importance of systems.

- “I’ll handle the fires as they come up!”
- Putting systems in place that will facilitate your success as a property manager.

## The system:

- Keeping accurate records for a rental property is essential for any property manager.
- One of the most basic reasons you should keep accurate records involves your personal and /or business taxes and the fact that you'll have to refer back to your records when filing your taxes.
- You'll also want to maintain accurate records to ward off any discrimination claims, misunderstandings regarding a property condition, and myriad other reasons that may come up.

## Important tip!

*Maintain a log of all payments that you receive from each of your tenants. Also consider giving out either a payment booklet or a hard copy of a rental bill to each tenant, to make yours (and their) record keeping that much easier.*

In respect of expenses include, such as:

- Maintenance work;
- Investment in equipment;
- Repairs;
- Purchases (such as furniture or new fixtures)
- Cleaning costs;
- Transportation cost (for you);

Receipts and  
Documentation:

## Individual Tenants:

- For each tenant try to keep a file with:
- A copy of the rental agreement;
- A current reference list (to be used to track down tenants who might abandon their responsibilities)
- A Copy of the signed lease agreement;
- An initiated copy of the walk –through checklist;
- An on going record of rental payments
- Any and all correspondence sent to or received from the tenant;
- Current business, cellular, and home telephone numbers,
- Documentation on any trust account establishment and any interest paid on security deposits

## Why you need a system

- The more tenants you have the more complete and accurate your files will need to be to run your property management firm successfully.
- It is easy to remember one tenant's telephone, but it would be more difficult to remember 12 if you have 12 tenants.



## Storage options:

- You can store the documents in a shoe box or you can be sophisticated enough to have a proper filing system and corresponding cabinet.
- Also you can make use of a property management software to ensure an effective and efficient management system.

Don't  
overlook  
these:

- **Damage logs:** photograph your empty rental unit before your next tenant moves in, and make notes of any damage you discover. You can use the dated logs, videotapes and still photos to prove at a later date that a tenant has damaged your property.
- **Information on specific properties:** for each of the rental units, maintain a file that includes the deed, mortgage information, and a copy of your insurance policy.

End of part 1



## Property maintenance, Repairs, and construction.

As property manager, one of the biggest jobs is going to be maintaining and repairing the rental units.

This implies that you might either buckle on that tool belt and hit the street on weekends

# General Maintenance

:

- Respect for the housing codes;
- Health and safety regulations;
- Fire precaution;
- Watch out on the MEPA regulations or the like.

## Residential properties

- A heating system that is in working order and provides an adequate supply of heat to the property;
- Lighting sufficient to allow typical indoor activities;
- Adequate ventilation;
- Suitable facilities for food preparation and cooking;
- Sinks with hot and cold running and sanitary water;
- A flush toilet;
- Facilities for bathing;
- A private entrance;
- A means of escape in case of fire;
- A working smoke alarm (in some cities and states more than one)

## Preventing problems: (1)

A good time to begin an on going maintenance program is before new tenants move into a unit.



## Preventing problems: (2)

During inspection, be sure to check :

- Faucets
- Showerheads
- Smoke detectors;
- Electrical outlets;
- Light fixtures

Develop a checklist of items in advance to use as a guide during your inspection check to make sure each is in good working order.



## Important Tip!

To avoid unnecessary repairs is to educate new tenants on the mechanical workings of the rental unit. Show them how to test the smoke detector and the proper way to use the garbage disposal to avoid jams and breakdowns. This is also a good time to jointly note any pre-existing issues, such as stains on the carpet or scratches on the kitchen counter.

## Open lines of communication 1

One way to keep tabs on routine maintenance issues is to conduct regularly scheduled safety inspections during the year.

One or two per year will probably suffice, but it is a good idea to inform all tenants at lease signing of this policy.

# Open lines of communication 2

No problem is too small to bring to your attention and that you want to address even minor issues before they become bigger.



# Procurement

- Maintenance and repair costs can take an unwelcome bite out of any property manager's budget.
- Some may overspend, fearing bigger problems later;
- Others may try to get by spending too little, leading to costier repairs later on.
- It can be a difficult balancing act, but there are ways to cut costs

## Strategies for savings:

- Suppliers are a routine expense for landlords, many of whom save costs by shopping at big box retailers; Stock up on supplies when sales occur and keep a few extra items on hand so you are not running back and forth to the store;
- Hardware wholesalers are another good retail option; benefit from the business status;
- Yellow pages;

# Procurement

- Standardizing your choices is a smart move to save you time and money.
- One of the best ways to handle the procurement aspect of your property management role is by shopping around using tools like the Internet to compare prices, quality, and value.

# Green Property Management

Consider motion detector lights in areas not commonly in use. A motion detector light can reduce wasted electricity.

Water bills are another overlooked source of waste. Routinely check for yourself that all faucets and toilets are working properly.

Ensure bathrooms are equipped with water saving showerheads.

Replace appliances with energy efficient models.




# Grease Trap

- The most common problem encountered in property management concerns the issues ancillary to drainage.
- Hence never pour grease down the kitchen sink;
- Put coffee grounds in garbage, not down the drain;
- Run cold water while grinding food in the disposal to flush food particles.
- Pour a kettle of boiling water down the drain once a week to melt any fat or grease that has collected.
- Periodically pour a half cup of baking soda and half a cup of white vinegar down the drain;
- Never pour hot wax or chemicals;
- Never flush heavy paper products;
- Periodically clean sink stoppers in all sinks.



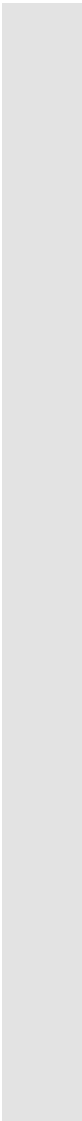
End of part 2



Achieving Scale:  
Hiring, Training  
Retraining and  
Compensating  
Property  
Management  
Personnel




Do I need to hire  
help?





## Help wanted:

- One of the first considerations before you even put that ad in the paper – is how you're going to pay this person, or these people.
  - Do you have surplus money?
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## Twelve ways to keep you team intact:

1. Be clear about what you expect;
2. Delegate tasks and functions appropriately;
3. Share information;
4. Equip employees with the information they need to their jobs;
5. Do not spin the truth;
6. Admit mistakes;
7. Give and receive feedback constructively;
8. Maintain confidential information;
9. Don't gossip or backbite;
10. Do not tell people how to do their jobs;
11. Allow people to make decisions;
12. Communicate with your employees.

## Basic training:

- From risk management to labour standards and everything in between.

If employees are not up to date on all of the issues, the owners and /or managers can find themselves at considerable risk and are subjecting themselves to both legal proceedings and financial penalties.

- From regular training , by attending conferences organised by reputable institutes;
- Internally keeping everyone in the loop by means of memos and emails

# Handyman or contractor?

- A handyman is best for small to medium sized jobs that require a wide range of skills and attention to detail.
- Hire a contractor if you have a larger project, especially one that requires expertise in several areas, such as plumbing, drywall, electrical, or carpentry work;

## Training:

- Create your own policy manual, visit government web sites and gather as much as possible relevant information to build up, whilst cross referencing to a expert lawyer in the field to ensure oneself of its relevance.
- Peer to peer training in which knowledgeable individual trains the rest of the group on risk management and labour issues, is another good way to keep on site personnel up to date. The best candidates to lead the training are individuals who are up to date on all of the laws and who also understand how to apply those laws in the commercial real estate settings.

End of part 3



# Outsourcing Property Management

1. Asset management companies: focus solely on the property side of being a landlord. These companies handle fact finding and decision making regarding the acquiring, holding and selling of properties.
2. Off site management companies; hire and supervise on site employees, contract any major maintenance or repairs, purchase large items, carry out evictions, and manage bookkeeping and check writings;
3. On site management companies: take care of the daily, site specific tasks. They show vacant properties, select tenants, purchase smaller items, manage minor maintenance issues, collect rent, and make banking deposits.

## First things first...

Successful property management agreements begin with clear expectations and good communications.

- How valuable is my time(or the time of employees who handle problems and issues)?
- What could I be doing with the time spent managing the property?
- Could I be using the time that I free up to pursue another career enjoy a hobby, or spend more time with my family?
- How knowledgeable am I about lease renewals, rent increase, and the current real-estate market?
- Am I looking to move to another area, yet still keep my current property rented out?

## Can I afford it?

- Now total up how much money you are making in rent. Subtract your expenses from rental income to determine if you want to pay an additional 10 per cent of that rental income to a property management company.
- Shop around for the best!

## Ask ?

- Make a list of everything you would like the firm to do and ask if it currently handles these tasks. Ask if they will handle only part of the list, such as advertising and showing property.
- What are the costs per task?
- Do they mark up supplies of labour for maintenance and repair work?
- Do they provide a 24/7 emergency service?
- How do they communicate with clients? Will you receive a regular report or phone call?
- Do they assign a specific person to one property?
- Can they provide references of landlord similar to you?

## Go beyond price.

- Do not be attracted to a lower price;
- The crucial factor is finding a company that will fill your property fast with good tenants.
- Position yourself within the right structure; like with like..


A landlord having his or her first experiences with a property manager probably does not have a lot of units. In that case you should look for a smaller more personal company You will not get any attention from a larger company.

## Signing a contract:

- Any contract should be cancellable by either party with a 30 day written notice – for any reason;
- You do not want an agreement that locks you into a year or more with the company.
- Standardised management contract:
- Mind the details.



## Important tip!

- Occasionally good and friendly relationships with others (including tenants) can lead people to take advantage of your goodwill. Take note of how situation progress, and if you feel you're being taken advantage of, the solution would be to take a step back and treat the situation with a more business like manner.
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The image features a white background with two large, teal-colored geometric shapes. On the left, a teal triangle points towards the center. On the right, a teal trapezoid is positioned. The text 'Thank you!' is centered between these shapes.

Thank you!