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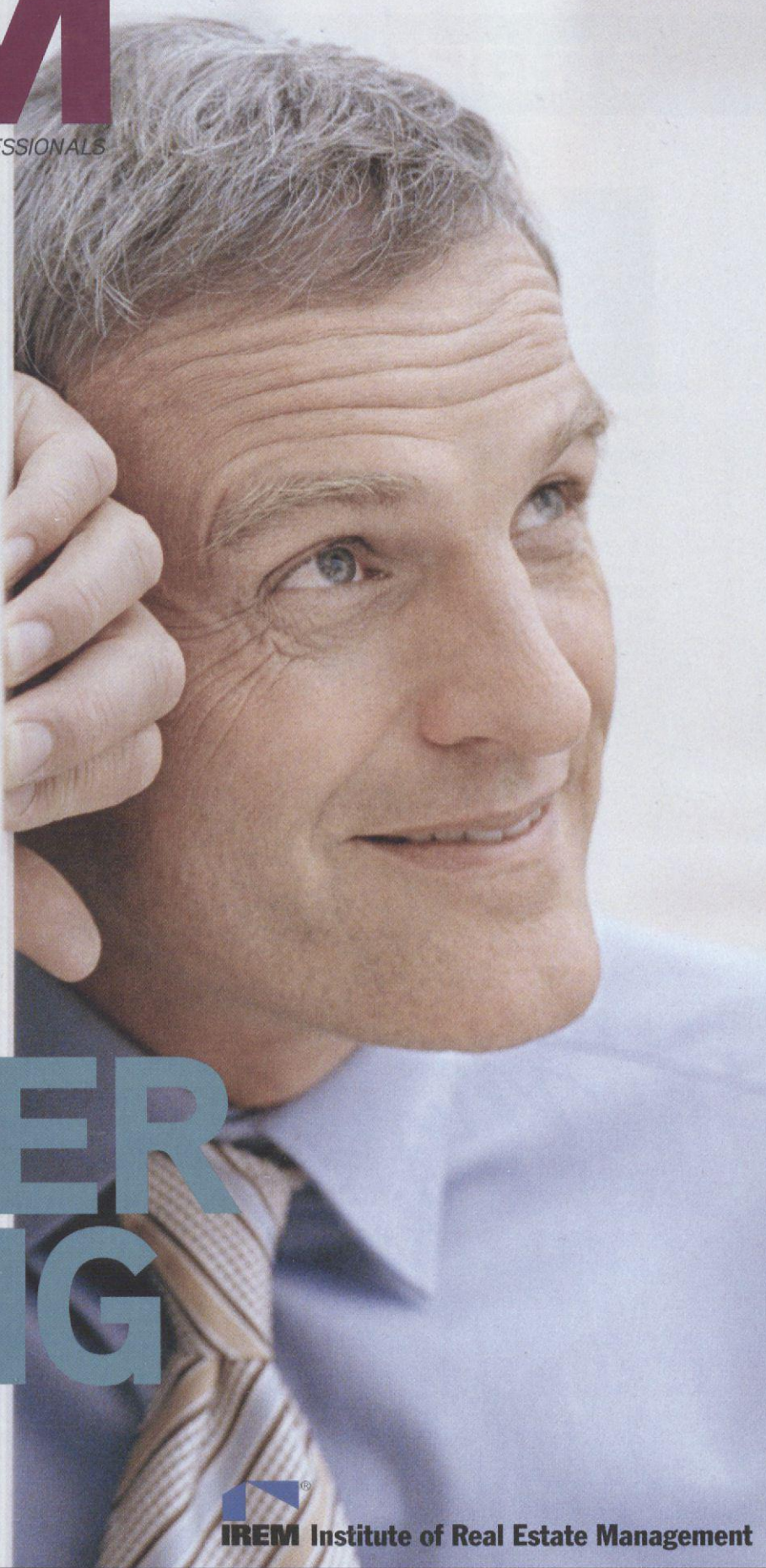
JOURNAL OF PROPERTY MANAGEMENT
JAN. FEB. 2009

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THE SILVER LINING

EXPERIENCED CPM[®]
MEMBERS NAVIGATE
THROUGH TURBULENT TIMES



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YEAR OF OPPORTUNITY

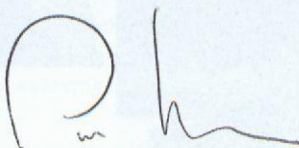
THIS NEW YEAR BRINGS WITH IT NEW CHALLENGES AND OPPORTUNITIES. THE CORE GOALS OF PROMOTING BEST PRACTICES, PROFESSIONAL EDUCATION AND ETHICAL BEHAVIOR WILL REMAIN THE INSTITUTE'S FUNDAMENTAL CORNERSTONE; we also must be positioned to make the most of the chaotic economic climate in which we currently find ourselves. Our priorities include reaping the benefits of quickly changing technology, finding and retaining the best talent, addressing risk management issues, making advancements in sustainability, dealing with troubled assets and creating new business opportunities for our members.

Fortunately, as real estate managers, we have the tools, the knowledge and the expertise to introduce new value into troubled investments. There is a place at the table for IREM Members to advance the economic stability of real estate holdings. Individually and as an association of industry experts, we have an opportunity to make a difference in today's financial climate by delivering value-based solutions.

The Institute remains committed to being your career partner by delivering the knowledge and the skills you need. IREM is closely monitoring the ramifications of the financial crisis and is responding at state and national levels on your behalf. Also, partly in response to volatile market conditions, IREM Governing Council voted not to increase dues this year, as had been part of the proposed 2009 budget. Your IREM leadership team understands how critical this issue is to members; consequently, we will not only honor that decision but have vowed to still proceed with enhancing services in 2009.

This issue of *JPM* provides a refreshed look and enhanced content. "Charting New Terrain" discusses how foreclosures are transforming the rental market. Experienced CPM Members discuss the need for strong and creative management of their owners' assets in "Navigating Through Turbulent Times." We know it is also important to keep having fun during these times, so we have added "Can You Top This?"—a new, lighthearted component of the magazine that features outrageous experiences encountered in your everyday lives as real estate managers. We are eager to receive your stories for future issues!

I look forward to the pleasure of visiting with many of you in the months to come. Together we can reach unprecedented levels in managing our assets. It is a joy to share the journey with you all and serve as your 2009 IREM President.



Pamela W. Monroe, CPM
2009 IREM President



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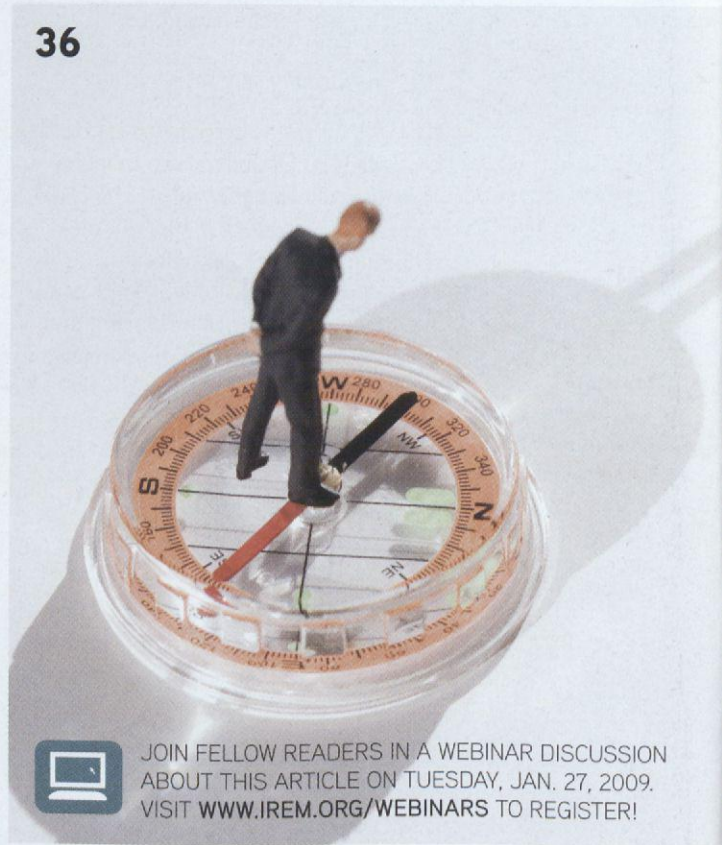
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JOIN FELLOW READERS IN A WEBINAR DISCUSSION ABOUT THIS ARTICLE ON TUESDAY, JAN. 27, 2009. VISIT WWW.IREM.ORG/WEBINARS TO REGISTER!

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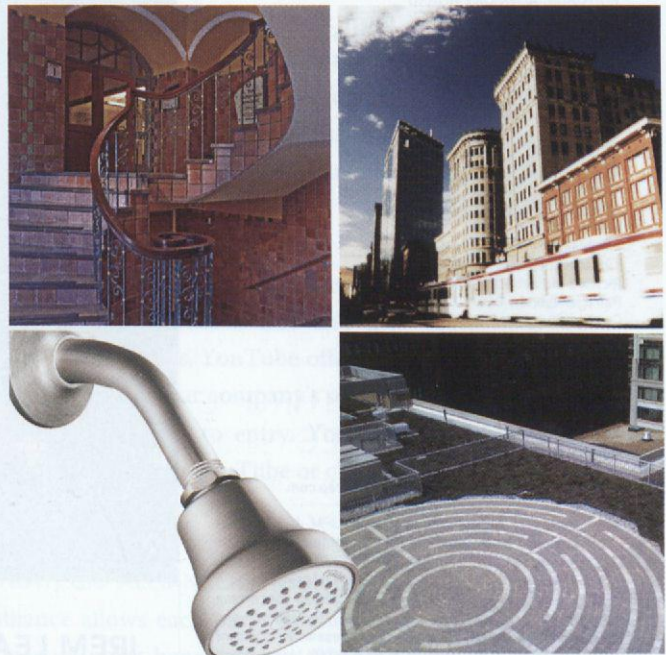
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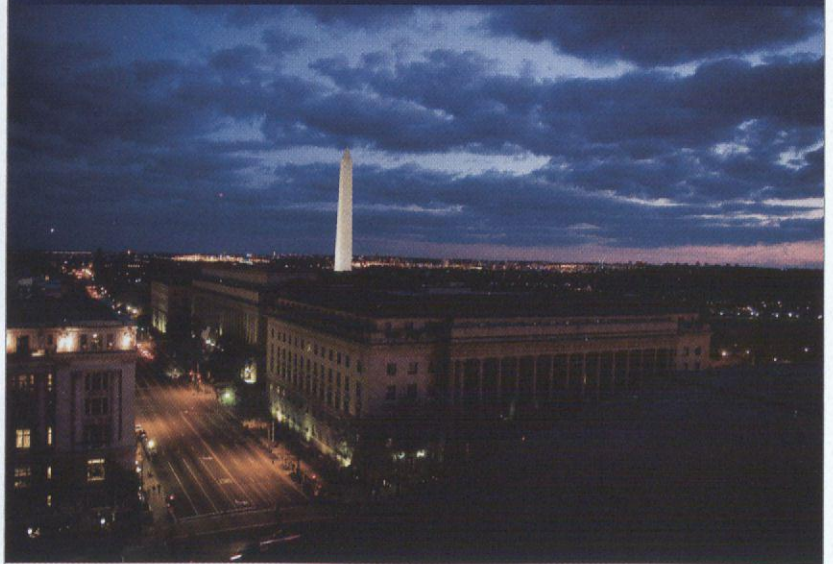
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Institute of Real Estate Management Diversity Statement | IREM encourages diversity. We welcome individuals of all races, genders, creeds, ages, sexual orientations, national origins, and individuals with disabilities. Our organization strives to provide an equal opportunity environment among its members, vendors, and staff. Adopted October 2008

Institute of Real Estate Management Sustainability Statement | The Institute of Real Estate Management (IREM) is dedicated to supporting real estate management strategies that advance an environmentally sustainable and economically prosperous future.

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Join together with IREM and CCIM Institute Members to lobby legislators on April 22 for Capitol Hill Visit Day where you'll visit members of Congress to impact the outcome of legislation affecting owners, properties, and business.

Find out more at www.irem.org/conferences!

TECHNIQUES FOR TOUGH TIMES Don't Let the Recession Hamper Your Marketing Efforts

WHEN TIMES ARE TOUGH, WE ALL WANT TO SAVE MONEY. OFTEN THIS LEADS TO CUTTING BACK ON RESOURCES AND LIMITING OUR COMPANY'S MARKETING BUDGETS. ALTHOUGH PRUDENCE IS A VIRTUE, NOW IS EXACTLY *NOT* THE TIME TO DRASTICALLY REDUCE YOUR MARKETING EFFORTS.

Here's the good news: even if your company is small, you can invest in its future with some techniques that are relatively simple and easy. Here are some ideas to get started:

MAKE RELATIONSHIPS COUNT: This is the time when all of the relationships you've cultivated over the years come to fruition. In fact, your name and reputation may be what save you in tough times. When people have limited resources and even more limited funds, their choice is often to go with someone whose work they know.

BE CLIENT CENTRIC: Stellar customer service may just be the point of differentiation that brings in repeat business. Face it, not everyone comes by this naturally—now is the time to invest in your company's future with a little employee training. Educate your customers: establish yourself as their resource of choice with newsletters or other pertinent information.

BOOST YOUR PROFILE: Credibility can unlock doors in today's uncertain world. Take the time to attend conferences or speak at industry

events. Make it your goal to come back from each conference you attend with new contacts or additional work. Write an article for an industry publication and send it to your customers. Send out press releases and toot your own horn about recent successes.

CONSIDER YOUTUBE: Unleash your creativity! Because uploading videos is free and the potential reach is enormous, YouTube offers an attractive way to market your company's service with relatively low barriers to entry. You can point your Web site right to YouTube or choose to send the link via e-mail.

FORGE STRATEGIC ALLIANCES: Developing a strategic alliance allows each party to combine resources in a way that benefits both. With an alliance you can promote your services and talents to your strategic partner's market, thus expanding your customer base. Creating a strategic alliance may allow you to pool your firm's expertise with someone who has experience with a different property type, or is located in a new geographic area.

To ensure a successful alliance, first determine whether joining forces will give you a competitive edge. If the answer is yes, then be particular about the partner you select. Take a look at existing relationships, and then consider providers of complimentary services such as brokers, vendors, even customers.

There are countless ways to market your company. Often, the best marketing tool you have is yourself. ■



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COVER YOUR ASSETS

LAY DOWN THE LAW Handling lawsuits properly yields positive results



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BEING SERVED WITH A LAWSUIT CAN RUIN A PROPERTY MANAGER'S DAY; KNOWING HOW TO HANDLE SUCH LAWSUITS IS ESSENTIAL FOR A POSITIVE OUTCOME TO ALL INVOLVED.

The first step is to determine who needs to be notified of the lawsuit. Typically all parties are notified but often the property manager is served instead of the owner; therefore, the property manager should notify the owner immediately. The manager also needs to determine who will defend the suit. The property owner usually provides indemnification of the property manager against any lawsuits filed against the manager with respect to his duties at the property. There is most often one defense conducted for the property owner and manager.

The lawsuit should be sent immediately to the insurance agent or company to determine if coverage is provided. The owner's liability, property, boiler and machinery, or other policies containing liability coverage may provide the necessary protection. In the event coverage is provided, the insurance company will engage legal counsel to defend the owner and manager.

If the insurance company provides for the defense, typically they have the right to vigorously defend or to settle on whatever terms they feel appropriate. Sometimes the insurance company or their legal counsel will consult with the property manager or owner before settling, but they have no obligation to do so. A settlement does go against the loss record of the property.

If the claim is not covered, the lawsuit should

be submitted to the owner's legal counsel for determination if the owner and manager are to be defended under the indemnification clause in the management agreement. If the manager is not indemnified by the owner for negligence of the manager, the manager may need to send the suit to its own legal counsel.

Communication between the parties in the suit typically must be between the attorneys only; however, with the approval of your legal counsel, one party can contact either the other party's legal counsel or the other party directly. In fact, under certain circumstances, especially when the parties know each other, a direct meeting between the parties can be beneficial. If misunderstanding occurs by one of the parties, the matter may be resolvable on a friendlier basis.

If the litigation moves forward, legal fees can grow and overshadow the original claim. If the parties have a written agreement between them providing for the "prevailing party" to be reimbursed for their legal fees, this provision may make it necessary to prosecute the lawsuit to a final court ruling to determine the "prevailing party" and the recovery of legal fees. If the lawsuit is settled in mediation or otherwise, typically there is no "prevailing party" and each party has to pay its own legal fees unless otherwise negotiated.

It is the duty of the lawyer to protect his client's rights and to prevail for the client's case. Ideally, litigation should be a last result since the outcome is usually unpleasant to all.



CONGRATULATIONS!

The Institute of Real Estate Management congratulates our 2009 leadership installed during our Fall Business and Governance Meetings on October 16, 2008.



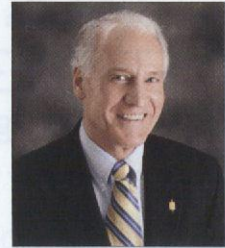
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GETTING STARTED WITH SUSTAINABILITY

Green management begins with careful evaluation



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PURCHASE A COPY OF THE IREM KEY REPORT, *A PRACTICAL GUIDE TO GREEN REAL ESTATE MANAGEMENT* AT WWW.IREM.ORG.

OK, YOU'VE GOTTEN ON BOARD AND HAVE DECIDED IT'S TIME TO ENHANCE YOUR PORTFOLIO'S SUSTAINABILITY. NOW THE QUESTION IS, WHERE DO YOU START, GIVEN THESE ECONOMICALLY CHALLENGING TIMES?

Deliver a message to senior property management executives focusing on the superior service level that your firm can provide to clients by improving their properties' sustainability, and how this will improve your firm's competitive position and increase your market share. With their commitment to a program and strategy for green real estate management, your company will leverage economies of scale by working across your management portfolio.

Additionally, you can share with owners that more sustainable operations will make income-producing properties more competitive, given the current market demands for green space. It will also allow the firm to stay ahead of future carbon emissions legislation. Use the information strategically to make the case for a sustainability program. Remember, studies have shown that better energy management is a proxy for better overall property management practices and is the cornerstone of any successful green initiative.

For both your company executives and the building owners, be prepared to answer questions and doubts. Owners are likely to raise concerns about the costs and time associated with "greening" their properties. So, remain confident and steadfast with your responses, and stress that by combining best practices and low-cost upgrades, any building can be greener and

demonstrate increased income and enhanced value. It will also help your case if you're able to provide supporting literature, case studies and an easy-to-understand first-blush cost/benefit analysis of a few initiatives to consider.

Once you have received the go-ahead to go green, the next major undertaking is to understand where you are today. Establish a baseline of performance for all the components of building and portfolio operations and business decisions that affect your environmental footprint. Measure and quantify energy usage, water consumption, waste production and recycling at your properties. Evaluate the equipment and systems in place, along with standard operating procedures, purchasing policies, investment criteria for capital projects, tenant communications and tenant improvements to better understand all current practices that will affect your green initiative.

When it's time for this first self-assessment, you have a lot of questions to ask—what are all the steps you're taking to enhance sustainability? Which areas are under your control, versus the control of building occupants? What environmental and financial benefits can you tap into or create at little or no cost? As you begin to answer these questions and review the data you've collected, your case for enhancing sustainability becomes much more realistic and achievable.

The results of this assessment will start to reveal ideas for where to start and help you identify the priorities that are important to your portfolio. Stay tuned for additional columns, which will show you how to implement improvements in these areas after you've developed a baseline. ■

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HIGHER GROUND

HIRING ON HIGH Ethics is an essential part of the hiring process for property managers



ROSE EVANS, CPM® (REVANS@LEVINMGT.COM), IS VICE PRESIDENT OF PROPERTY MANAGEMENT AT THE LEVIN MANAGEMENT CORPORATION, AMO, IN NORTH PLAINFIELD, N.J. SHE CURRENTLY SERVES ON THE IREM ETHICS APPEAL BOARD AND THE ETHICS AND DISCIPLINE COMMITTEE.

HIRING AN INDIVIDUAL TO WORK FOR YOUR COMPANY CAN HAVE A MAJOR IMPACT ON THAT PERSON'S PROFESSIONAL AND PERSONAL LIFE. IT IS ESSENTIAL THAT YOU AND YOUR COMPANY ARE COMPLETELY ETHICAL THROUGHOUT THE HIRING AND TRAINING PERIODS TO ESTABLISH A SOLID FOOTING FOR NEW EMPLOYEES.

When hiring a new property manager for a portfolio, the most important step in the process is in clearly and fully outlining the job requirements, the interviewing process itself and, as much as possible, the timeframe for the hiring process.

At my organization, when we are hiring a new property manager for our retail shopping centers, we begin with a phone interview based on the candidate's resume. We immediately clarify the depth of the candidate's property management experience and the salary range she or he is seeking for the position. If the candidate's salary requirement exceeds what we are prepared to pay, we inform the person at once, eliminating any false expectations up front. We consider it to be unconscionable to have a candidate think that we are prepared to pay a salary at a certain level, only to later learn that such a salary level is not being offered.

While we describe the many benefits of working with our company throughout the interviewing process, we also discuss a potential negative—the heavy travel involved in inspecting a group of shopping centers that may be located in more than one state.

When interviewing the candidate in person, we review the specific properties the candidate would be managing, so he or she can determine the approximate mileage to be driven. We discuss the number of days each month that will probably be spent on the road versus the number of days in the office. We also discuss the high performance expectations our clients have of our company and the equally high expectations we have of our managers.

We are very honest and thorough with the interviewing candidate as we want the candidate to know as much about the position and our company as possible during that first meeting. Ideally then, the candidate can make informed decisions if asked back for a second round of interviews, and if offered a position.

Because our company is an ACCREDITED MANAGEMENT ORGANIZATION® (AMO) that follows the Institute's Code of Professional Ethics, once hired, our property managers are trained to understand there are no "free" products or services, and that accepting them will come back to affect them at some point in their careers. We consider this so important that we also do follow up training with our full management team.

As we practice at my organization, I encourage you to build your team and/or your business on the solid foundation of the IREM Code of Professional Ethics and you will see the positive results. Hire your managers through an ethical process and they will always appreciate your honesty demonstrated during the hiring and training processes. ■

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2009

October 16 – 17, 2009
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CCIM & IREM Success Series

2010

October 22 – 23, 2010
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YOU BE THE JUDGE Use self-judgment constructively and you'll be better for it



NATALIE D. BRECHER, CPM® (NBRECHER@BRECHERASOCIATES.COM), IS A SEASONED AUTHORITY WHO HELPS ORGANIZATIONS ENHANCE WORKFORCE PERFORMANCE AND MANAGERS DEVELOP AND IMPROVE LEADERSHIP SKILLS. SHE PROVIDES CONSULTING, COACHING, TRAINING AND KEYNOTES TO FORTIFY POSITIVE, LASTING CHANGE.

I'M JUDGMENTAL. SURE, I TELL MYSELF I'M NOT. BUT I JUDGE CONSTANTLY. To assuage my guilt, I consider my judgment warranted. In what do I sit in judgment? Me.

My disclosure is also tempered because I know I am not alone. People who are reflective often judge themselves numerous times a day. Was that the right decision? Did I word that the right way? This internal analysis results in a steady stream of self-judgment.

THE GOOD

There are those who sit in judgment of themselves and believe every decision they make is a good one. Delusions of grandeur keep us from the motivation to change, but to remain competitive, change must occur.

I call it the "success trap." It is dangerous to think that all the positives that brought you success will keep you on that path. As Marshall Goldsmith, an executive coach and author of, *What Got You Here Won't Get You There*, said, "The 'good news' is that these positive memories build our self-confidence and inspire us to try to succeed even more. The 'bad news' is our delusional self-image can make it very hard to hear negative feedback and admit that we need to change."

THE BAD

Some individuals find fault with too many decisions they make and actions they take; they are exceptionally self-critical—always second-guessing themselves. The result is paralysis in

energy, risk-taking, decision-making and thus, in succeeding. The more self-critical you are, the more you push success away.

Use cognitive therapy to challenge your thinking and change the self-talk you repeat. Force your internal thinking to show confidence and courage, and your external actions and demeanor will change.

THE UGLY

Judgment gets destructive when it turns into harsh criticism of others. When we judge the behavior and actions of employees, vendors, bosses and friends as consistently bad, we respond to them in a way that shuts them down, or results in sabotage.

To move past the unhelpful judgment you can do the following: One, have realistic expectations about people. Compare what you expect to what others have done in the past—are your expectations achievable? Two, ask if you're striving for impossible perfection. Use my acronym DIME™ to ask: Does It Matter Enough? Is this something that must be done an exact way...or can you let this go? Three, use productive criticism to respond to poor work behavior or performance that does matter.

BEST PRACTICES

The best court judges apply leniency in a fair manner when it is deserved, and provide a negative consequence only when culpability is clear. Maybe we can do the same. Keep the analysis, but ditch the judgment and use lessons learned to move forward to success. ■

Join IREM at these events in 2009:

LEADERSHIP AND LEGISLATIVE SUMMIT

April 18-22, 2009

JW Marriott - Washington, D.C.

Capitol Hill Visit Day

April 22, 2009

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IREM Institute of Real Estate Management

INDUSTRY NEWS & NOTES

LEADING ECONOMISTS CONFIRM U.S. RECESSION

The National Bureau of Economic Research (NBER) issued a statement in December confirming the United States has been in a recession since December 2007. According to the report, employers have reduced payrolls by 1.2 million jobs in the first 10 months of 2008. At press time, economists were predicting a loss of another 325,000 jobs for November.

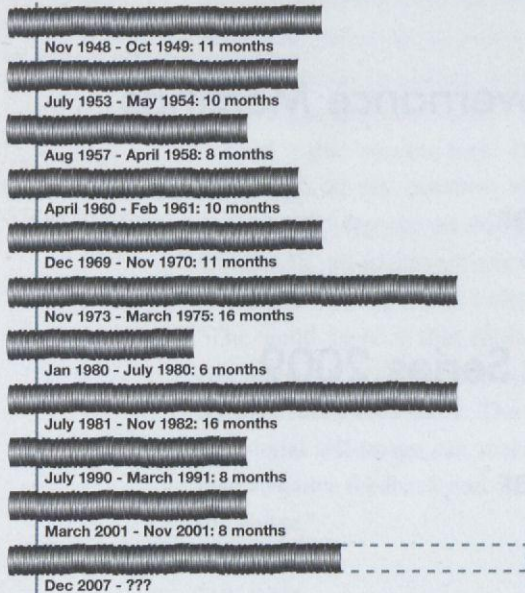
The NBER is a private group of leading economists charged with dating the start and end of economic downturns.



HOW LONG?

Post World War II Recessions

1948



2009

TSA Adopts New Airport Security Checks for Laptop Bags



In an effort to streamline the airport security process and better protect laptops, the Transportation Security Administration (TSA) recently announced it will allow passengers to leave their laptop computers in bags that meet new "checkpoint friendly" standards.

In March 2008, TSA reached out to manufacturers to design bags that will produce a clear and unobstructed image of a laptop when undergoing X-ray screening. More than 60 manufacturers responded and 40 submitted prototypes for testing.

For a bag to be considered checkpoint friendly it should meet the following standards:

- A designated laptop-only section
- The laptop-only section completely unfolds to lie flat on the X-ray belt
- No metal snaps, zippers or buckles inside, underneath or on top of the laptop-only section
- No pockets on the inside or outside of the laptop-only section
- Nothing packed in the laptop-only section other than the computer itself

TSA is not approving or endorsing any bag design or manufacturer and will only allow laptops to stay in bags through screening if they provide a clear and unobstructed X-ray image of the laptop. To read the full TSA press release and laptop use guidelines visit www.tsa.gov/press/releases/2008/0805.shtm.



GREEN ROOF AND MAZE OPEN ATOP APA BUILDING

The first green roof and labyrinth in the United States recently opened atop an eight-story office building owned by the American Psychological Association (APA) in Washington, D.C., according to *Greenerbuildings.com*. The seven-circle labyrinth bordered by sedum, covers about 3,600 square feet of the roof at 10 G Street, NE, just a block from Union Station. Lead funding for the \$170,000 project came from the TKF Foundation with additional funding from the APA, the Chesapeake Bay Foundation and the World Resources Institute, which occupies the top two floors of the building.

Research Center to Develop New Lighting Technology

A new research center at Rensselaer Polytechnic Institute in Troy, N.Y., was recently funded by a five-year, \$18.5 million grant from the National Science Foundation (NSF) to develop light-emitting diode technology to replace the common light bulb. Led by Rensselaer with partners Boston University and the University of New Mexico, the Engineering Research Center for Smart Lighting will explore materials and systems applications to further the understanding and proliferation of smart lighting technologies. The project is expected to receive up to \$50 million in funding over the next 10 years. For additional information visit www.rpi.edu.

FAST FACTS

THE HAWAIIAN ALPHABET ONLY CONTAINS 12 LETTERS:

a, e, i, o, u, h, k, l, m, n, p and w.

When first constructed around 2500 BC, the pyramids were paper white, smooth as glass and topped with golden capstones.

WHEN AN ARMADILLO IS FRIGHTENED IT JUMPS STRAIGHT INTO THE AIR.



The number zero was invented in India by Indian mathematicians as early as the 5th century.

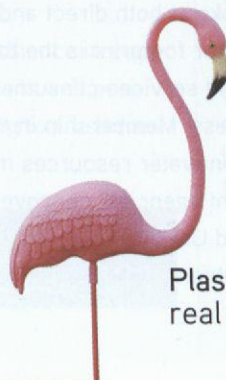
VENUS IS THE ONLY PLANET THAT ROTATES CLOCKWISE.

At 136 degrees Fahrenheit, Azizia in Libya is the hottest place on earth.

A QUARTER HAS 119 GROOVES AROUND THE EDGE.



A new book is published every 13 minutes in the United States.



IN 1952 ALBERT EINSTEIN DECLINED THE PRESIDENCY OF ISRAEL WHEN IT WAS OFFERED TO HIM BY STATE LEADERS.

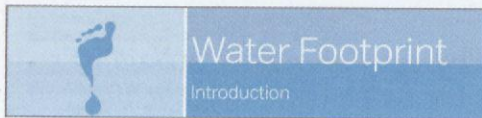
Plastic lawn flamingos outnumber real flamingos in the United States.

**FALTERING LIHTC MARKET
UNDERScores IMPORTANCE
OF QUALITY MANAGEMENT**

According to an article in the November 12 issue of *The New York Times*, Fannie Mae Freddie Mac, and Citigroup have stopped buying Low Income Housing Tax Credits (LIHTC), one of the primary tools for meeting a growing need for affordable housing. Prior to this year, Fannie Mae and Freddie Mac alone bought about 35 percent of housing credits. As demand for credits has slipped, prices have fallen from around 90 cents on the dollar to less than 80 cents. Falling prices mean developers have less equity for affordable housing developments, resulting in fewer developments. Existing developments, however, still need quality real estate management.

Improper tenant income certification, neglected maintenance, and other poor management practices may cause the IRS to recapture housing credits. The demand for quality real estate management of affordable housing properties financed with LIHTCs may grow as developers, syndicators, and investors seek to shore up existing financial arrangements.

"LIHTC development may be slowing, but experienced managers of LIHTC properties need to understand and market the value they provide to existing properties. They also need to realize that they hold the competitive edge in landing the accounts for the developments that do get built," said Cindy Clare, CPM®, president of KETTLER Management, a firm with LIHTC properties in its portfolio based in McLean, Va.



**Global Network to
Determine Water
Footprint Standards**

SEVEN GLOBAL GROUPS RECENTLY FOUNDED THE WATER FOOTPRINT NETWORK, a collective focused on determining a common approach to water footprint measurement, accounting and reporting. The water footprint is an indicator of water use that looks at both direct and indirect water use of a consumer or producer. The water footprint is the total volume of fresh-water used to produce the goods and services consumed by an individual or community, or produced by a business. Membership in the Water Footprint Network is open to those working on water resources management, such as academic institutions, government agencies, nongovernmental organizations, businesses, public utilities and UN organizations. For more information on the network and current partners, visit the network's Web site, www.waterfootprint.org.

QUOTABLES

"As for the men in power, they are so anxious to establish the myth of infallibility that they do their utmost to ignore truth."

—BORIS PASTERNAK, RUSSIAN NOVELIST

"I have tried to be as eclectic as I possibly can with my professional life, and so far it's been pretty fun."

ROLAND BARTHES, FRENCH CRITIC

"As you enter positions of trust and power, dream a little before you think."

TONI MORRISON, AMERICAN NOVELIST

"Everything passes. Nobody gets anything for keeps. And that's how we've got to live."

—HARUKI MURAKAMI, JAPANESE WRITER

"A politician needs the ability to foretell what is going to happen tomorrow, next week, next month, and next year. And to have the ability afterwards to explain why it didn't happen."

WINSTON CHURCHILL, FORMER U.K. PRIME MINISTER

www.homefair.com

Homefair.com offers free online reports on cost of living, climate, demographics, schools and crime rates for local communities around the country.

chemicalspolicy.org

The database at *Chemicalspolicy.org* allows you to search for chemical policies by state, region, status, policy category (pollution prevention, single chemical restriction, etc.), chemical, and product type. Find out what chemicals should and shouldn't be used in your area when performing property maintenance or using contract services.

www.buildinggreen.com

This Web site offers information and resources designed to help building-industry professionals and policy makers improve environmental performance and reduce the adverse impacts of buildings. *Buildinggreen.com* features case studies, news, products and a live blog updated with real-time event coverage, reviews, and opinions on the latest news from all over the green building world.

www.fypower.org

Flex Your Power's Best Practice Guides showcase a number of building strategies that owners and managers can use to save energy and money. Each guide contains tips for planning and funding energy-efficiency upgrades as well as recommendations to improve specific building and equipment systems.

CUSHMAN & WAKEFIELD REPORTS PREDICT REAL ESTATE RECOVERIES IN THREE REGIONS

Cushman & Wakefield, AMO®, recently released three reports that suggest the United States, Europe and Asia are experiencing similar short-term challenges that will likely affect commercial real estate occupancy levels and property values through 2009. The reports identify financial crisis as a root cause. However, each world region's real estate market is expected to weather the challenges based on local business conditions and property fundamentals.

The reports predict that the national vacancy rate in the United States is expected to rise before peaking early in 2010. An economic recovery is expected by mid-2009, fueled by a return to gross domestic product (GDP) and employment growth.

In every European country, economic activity is falling, affecting the demand for commercial space, the reports say. However, in the more mature European markets the expected slowdown in occupancy will be demand rather than supply driven, which foreshadows a more rapid recovery in the future.

The reports also conclude that many parts of Asia show resilience in commercial property sales despite recent drops in sale values. Asia is well positioned to benefit from renewed investment demand, according to Cushman & Wakefield.

Plan to Cool Buildings with Lake Water Underway in Syracuse, N.Y.

Researchers from the State University of New York College of Environmental Science and Forestry (SUNY ESF) are in the early stages of a project to pipe the waters of Lake Ontario to cool buildings around Central New York, according to WYSR-TV Syracuse (www.WSYR.com).

The plan is to take cold water from deep under the surface of the Great Lake and pipe it down to Central New York where it would be used as a cooling source for private and public buildings. The water pumped into Central New York would also flow back out into Onondaga Lake, which would help clean it up; Onondaga Lake is one of the most polluted lakes in the U.S. \$1.5 million of federal funding has been secured for the study.



TO READ THE REPORTS VISIT
WWW.CUSHWAKE.COM/CWGLOBAL

FAMOUS PROPERTIES

NEW LIFE FOR A LANDMARK Redevelopment of Christman Building merges modern technology with historic charm

BY
DIANA MIREL

DURING A 2006 WALK-THROUGH OF THE FORMER MUTUAL BUILDING IN LANSING, MICH., JAMES CASH AND STEVE ROZNOWSKI LOOKED BEYOND THE STANDING WATER, MISSING CEILING TILES AND PARTIALLY DEMOLISHED WALLS AND RECOGNIZED A POTENTIAL FOR GREATNESS.

"We saw that it had been at one time a beautiful building, and it had a fantastic location," said Cash, president and COO of the Christman Capital Development Company. "The kind of work the building required was the kind of work we were very capable of doing. [We realized a] deal-maker when we went onto the roof and had a panoramic view of the Capitol. We fell in love with it almost instantly."

Cash and Roznowski, CEO of the Christman Company, took the plunge and purchased the building to serve as the new home for the 115-year-old construction and development company's headquarters. Today, the renamed Christman Building is a cutting-edge property that showcases the company's integrated, sustainable and historic preservation construction capabilities. The building has maintained its national historic landmark status while garnering national green-building notoriety with double Platinum LEED (Leadership in Energy and Environmental Design) certification.

Originally built in 1928 as the headquarters for the Michigan Millers Mutual Insurance Company's headquarters, the building is on the National Register of Historic Places. When Michigan Millers moved out of building in the

1960s, a private party leased office space to multiple office tenants, and the building began its descent into a poorer state of repair until the final tenant moved out in 2004.

PATH TO PLATINUM

Christman's primary goals for the redevelopment project were to increase energy efficiency; establish a superior indoor environment to increase staff productivity and recruit and retain high-caliber talent; and demonstrate the company's talent for sustainable design and historic preservation. Although the company did not go into the project with the intention of becoming double Platinum LEED certified, it became apparent early on that the unique synergy between a sustainable design and historic preservation put them on the path to Platinum.

The Christman Building reused 92 percent of the building's existing walls, roof and floors, and most of the company's former office furnishings. Extensive recycling diverted 77 percent of construction debris from the landfill.

To decrease energy use while maintaining the historic character of the property, the company tuck-pointed and cleaned the original walls; restored the building's original front façade window frames and fitted them with double-glazed glass; and installed a white roof with an additional six inches of insulation to the roof to reduce the urban heat island effect.

Additionally, restoration specialists updated the historic light fixtures to improve energy efficiency without losing the historic charm. Increased day-lighting, T-5 fluorescent lamps

and individually controlled multi-task lighting systems at each work station further helped the building achieve a lighting energy savings of 27 percent.

While maintaining the limestone-trimmed, red-brick, Elizabethan architecture and historic interior details were crucial to the project, the Christman Company also wanted the property to be as modern and green as possible.

“We are a current and cutting-edge company, so it was important for us to incorporate modern technology throughout the building, Cash said.”

However, turning an older building into a modern, Class-A property requires innovative development, particularly when it comes to heating and cooling systems.

“A lot of times owners of older buildings used for modern purposes will hang a drop ceiling in and run all their ductwork above the ceiling tiles, and that had been done in this building,” Cash said.

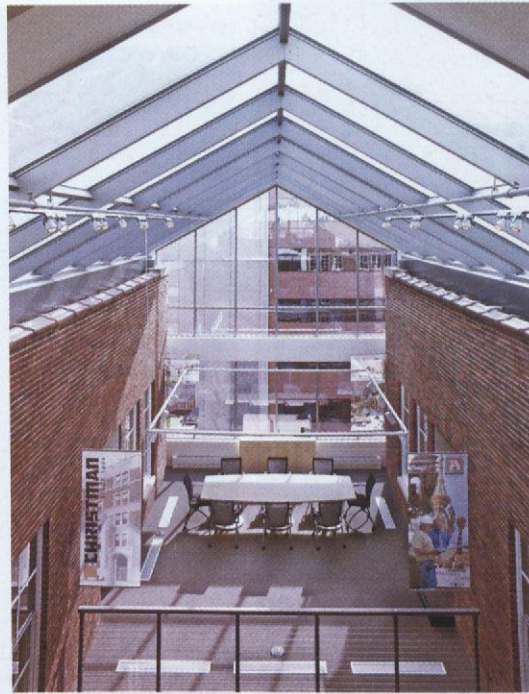
The design team instead developed a raised access floor that houses the building’s mechanical and air distribution systems in the under floor, which uncovered the full height of the windows, and provided daylight into all the spaces.

“It also provides a much healthier ventilation system and a more energy-efficient system because it requires less band-power to push the air,” said Gavin Gardi, Christman’s sustainable programs manager.

The under floor air distribution system provides 200-300 percent more ventilation than conventional systems.

SYSTEM & STATUS

Currently, the building is projected to exceed minimum energy-efficiency requirements by 34 percent. And, the building’s Web-based building management system (BMS) helps the company manage and maintain its energy efficiency. The system tracks and measures electricity and gas usage, along with atmospheric conditions inside and outside the building. It has a user-friendly graphical interface to manage building operations, and it has alarms that go off when a



ORIGINALLY BUILT IN 1928, THE CHRISTMAN BUILDING IN LANSING, MICH. IS ON THE NATIONAL REGISTER OF HISTORIC PLACES.

PHOTOGRAPHY © THE CHRISTMAN COMPANY AND GENE MEADOWS PHOTOGRAPHY





THE CHRISTMAN BUILDING HAS EARNED DOUBLE PLATINUM LEED STATUS FOR ITS SUSTAINABLE DESIGN AND HISTORIC PRESERVATION.

PHOTOGRAPHY © THE CHRISTMAN COMPANY AND GENE MEADOWS PHOTOGRAPHY

system is not working properly. The BMS also allows management continuous commissioning to help building managers fine-tune the system to achieve the most energy savings possible.

Along with the environmental and historic impact the building has made, the building itself has enhanced the company's corporate culture.

"It is a fun, healthy building for people to work in," Gardi said. "The atmosphere is very different than an old, stodgy office building. Part of the design was to develop a building that required people to move around and see the types of exciting things that people were working on."

One area that helped create a collaborative environment is an inner courtyard called Christman Square. The building was originally U-shaped with an outdoor courtyard, but the redevelopment team enclosed that space with a glass ceiling to create an open atrium space that encourages employee interaction.

"In that area we incorporated a communicating staircase so the floors can interface with

each other without going over to the elevator, and there are a variety of spaces and landings in and around the staircase where people just naturally run into each other," Cash said. "In the whole building there is quite a bit of natural circulation and interaction with our people."

Perhaps the most valuable result from the Christman Building is the company's enhanced status in the community and increased visibility for prospective clients.

"It has helped [dramatically] to elevate Christman's reputation as a sustainable construction company," Gardi said. "We have had dozens of tours and hundreds if not thousands of people come through the building."

The result? Plenty of new clients.

"We take every opportunity to bring a new client or a prospective client to our office," Cash said. "It's a very good showplace for prospective customers and other network partners who see the building and say, 'We'd like to have something very similar to that.'"

Diana Mirel is a contributing writer to *JPM*. Send questions regarding this article to mnsao@irem.org.

FOUR CORNERS FORECAST Potential Opportunities Exist for Real Estate Managers Despite Economic Crisis

ANYONE FORTUNATE ENOUGH TO VISIT THE FOUR CORNERS REGION (COLORADO, ARIZONA, NEW MEXICO AND UTAH) OF THE SOUTHWESTERN UNITED STATES CAN ATTEST TO THE PHYSICAL BEAUTY OF THE AREA'S LANDSCAPE. Scenic locales like Monument Valley, Mesa Verde and Canyon de Chelly have long been magnets for tourists, photographers and nature lovers.

No doubt, the area has been reeling lately from the country's current economic downturn. The crashing of the sub-prime lending market, the housing slump and the squeeze on credit has resulted in real estate developers significantly scaling down on production.

"It's very gloomy right now," said Richard Brent Meszaros, a Phoenix-based real estate agent. "A lot of developers have put themselves on hold."

Yet despite the current economic chill, the Four Corners states still boast of job growth that outpaces the national average, growing retail sales in several areas, and a commercial real estate market where demand is still strong. This all points to continuing opportunities for enterprising property managers willing to make an extra effort to operate in this challenging but still lucrative environment.

COLORADO KEEPS AHEAD OF CRISIS

While commercial development across the nation struggles, the industrial and office markets in Colorado continue to bring in above-average results. Hosting the Democratic National

Convention provided a much-appreciated shot in the arm to the downtown Denver office market, with the Democratic National Committee leasing 65,000 square feet of office space. And developers continue to break ground on new developments in the area.

According to CB Richard Ellis, AMO®, 2.2 million square feet of office development is underway in the Denver area. The Parkside Office Plaza, a Class A office structure southeast of downtown Denver, was completed in late 2008. Other office projects in the area still ongoing include Village Center Station, Palazzo Verdi and Panorama Corporate Center.

Meanwhile, Colorado is experiencing a growing foreclosure rate on smaller properties, forcing banks to actively manage these properties instead of putting them on the market. This is creating new opportunities for property managers to work with lenders lacking the expertise to re-position these properties as rentals and put value back into them.

"There's a growing shadow market with foreclosures," said B.J. Hybl, president of the Griffis/Blessing Property Services Group based in Colorado Springs. "This is a new challenge for property managers as more companies try to de-fragment properties to make them easier to rent."

Many lenders lack in-house property managers and are looking to contract with professionals who can provide the guidance needed for lenders to navigate through the complex terrain of real estate management.

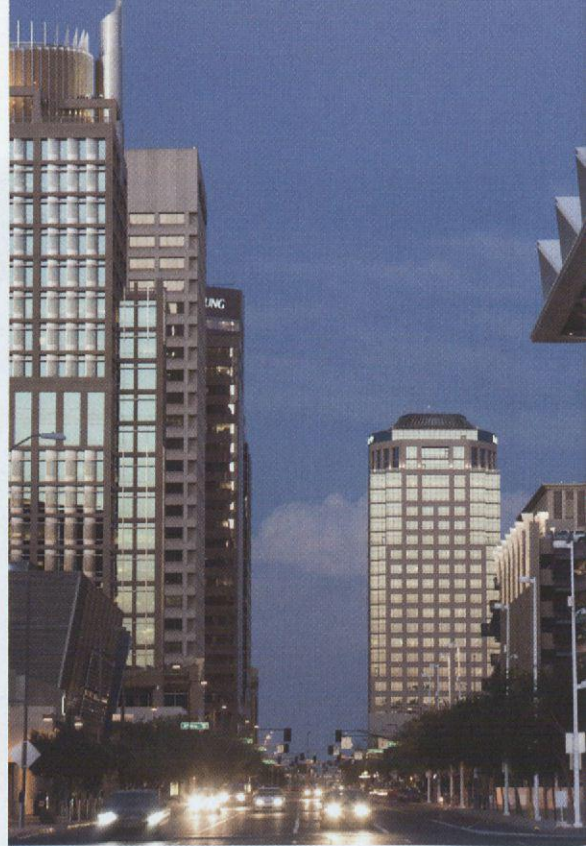
"When times are tough, professional experi-

DARNELL LITTLE IS A CONTRIBUTING WRITER FOR JPM. SEND QUESTIONS ABOUT THIS ARTICLE TO MARKISAN NASO AT MNASO@IREM.ORG.



(LEFT)
 COLORADO
 CITIES LIKE
 DENVER
 CONTINUE
 TO SEE AN
 INCREASE IN
 COMMERCIAL
 DEVELOPMENT
 DESPITE THE
 RECESSION.

(RIGHT)
 ARIZONA
 CITIES LIKE
 PHOENIX ARE
 FORECASTING
 FURTHER
 SLOWDOWN
 IN OFFICE,
 RETAIL AND
 RESIDENTIAL
 HOUSING
 MARKETS.



ence is a plus," Hybl said. "These lenders need people who can take a longer term view on the property to maximize its value."

RETAIL REMAINS POSITIVE IN NEW MEXICO

The beautiful climate, large availability of workers and relatively low cost of living has drawn businesses from across the country to New Mexico, and things have remained active during the national economic crisis. CB Richard Ellis reported that Sony Pictures Imageworks recently grabbed more than 21,000 square feet of office space in downtown Albuquerque, while United Healthcare is occupying an additional 25,000 square feet in the area.

More importantly, the retail market in New Mexico has remained strong while retailing has recently struggled across the country, even in other parts of the Four Corners region. Lowe's Home Improvement opened a new 160,000 square foot facility in Albuquerque in late 2008. Spirit Halloween Stores opened in three locations totaling 62,000 square feet, and construction is continuing on an 87,000 square foot Wal-Mart Supercenter.

The strong activity in retail development in the state is largely based on New Mexico's rela-

tive lack of retail amenities compared with other areas. New Mexico is still virgin territory for many major retailers, and companies continue to flow in despite the economic downturn.

"Office development is still being driven by new companies coming into Albuquerque," said James Dountas, CPM® Candidate, and asset manager with Goodman Realty Group in Albuquerque. "Albuquerque was on a third tier map for many of them, so there is still a lot of room for growth."

The ongoing retail development has created many opportunities for qualified property managers experienced in handling retail properties.

"Landlords and owners are looking for managers who have three to five years of experience, who can over-produce and who can work at a top-level position," Dountas said. "These are the property managers better poised to be successful."

SLOW DOWN IN THE STATE OF UTAH

The current state of the national financial markets have taken a toll on Utah. Office vacancy rates in the Salt Lake City area continue to climb. Job growth in the state has slowed to almost zero. The multifamily market has nearly

completely stalled. Foreclosure rates are climbing across the state and most forecasts for 2009 predict another difficult year in store for Utah.

But development is continuing on existing projects. In downtown Salt Lake, construction is ongoing on the City Creek Center, an expansive mixed-used development. And the office complex at 222 South Main is scheduled for completion at the end of 2009. By the end of the third quarter of 2008, more than 1 million square feet of new multi-tenant space had been completed.

In a difficult economy, property managers may still find pockets of great advantage.

"Whenever the market is not great, there are always opportunities for property managers," said James Terry, CPM, president of Horizon Investment & Management in Salt Lake City. Terry has supervised the management of more than 105,000 apartment and condominium units across 15 states. It's during a bumpy economy, Terry said, that absentee property owners need good property managers the most to get properties to perform better financially.

Terry points to several areas of opportunities for property managers in the current Utah economy. Lending institutions need experienced help in managing their real estate portfolios and larger real estate assets. Smaller local companies are looking for qualified property managers to run their real estate operations, especially condo owners who are forced to enter the rental market due to lack of unit sales. And foreclosed homes are now entering the rental market in greater frequency, creating growing competition in the multi-family market.

"It's when the market is tight like it is now that companies need property managers who can get all the potential value out of a property that they can," Terry said. "That's when experience and know-how count the most."

FORECLOSURE RATES RISE IN ARIZONA

Forecasts for declining population growth, negative job growth and falling consumer spend-



ing has led to a slowdown in Arizona's office, retail and residential housing markets. Reduced household spending is especially taking a toll on Arizona's retail-based economy, and overdevelopment during the housing bubble and the current credit squeeze is making it harder for developers to get new projects off the ground. Arizona is one of the handful of states with foreclosure rates higher than the national average.

"Property managers are shifting to survival mode," said Bret Borg, CPM, president of Borg Property Services in Mesa, Ariz. "Everybody is taking a deep breath while the credit markets work themselves out."

During this down cycle, Borg has noticed a growing trend of property developers bringing property management services in-house, creating opportunities for property managers to work for the developers.

"For developers who don't have a property management division, they may want to create one to bring in more revenue," Borg said. "People who had been doing it themselves are bringing in the professional property managers. They lean more heavily on property managers to emphasize revenue generation during a down cycle."

Economic forecasts for the Four Corners area predict a rough 2009, but growing development by 2010. Meanwhile, even in the lean times, there are still plenty of areas in need of good, qualified managers.

"There's always opportunity," Borg said. "It just comes from different angles." ■

OFFICE
VACANCY
RATES ARE
ON THE RISE
IN SALT LAKE
CITY AND
OTHER AREAS
IN UTAH.

EDITOR'S NOTE: GIVEN THE OVERALL VOLATILITY IN THE ECONOMY, PLEASE NOTE THE DATA PROVIDED IS CURRENT AS OF PRESS TIME, DEC. 15, 2008.

EMERGENCY ECONOMIC STABILIZATION ACT SIGNED INTO LAW

IN EARLY OCTOBER 2008, Congress acted quickly to pass legislation in an effort to repair the U.S. economy. The Senate amended the "Emergency Economic Stabilization Act of 2008" bill and passed it by a vote of 74 to 25 on October 1, 2008. Two days later the House voted 223 to 205 to approve of the Senate's changes. Hours later, the President signed the Emergency Economic Stabilization Act of 2008 into law. Provisions of the 451-page law that are of particular interest to IREM Members are highlighted below.

HIGHLIGHTS OF TAX PROVISIONS:

Extends the Energy Efficient Commercial Buildings Deduction for five years, through December 31, 2013.

Current law allows taxpayers to deduct the cost of energy-efficient property installed in commercial buildings. The amount deductible is up to \$1.80 per square foot of building floor area for buildings achieving a 50 percent energy savings target. The energy savings must be accomplished through energy and power cost reductions for the building's heating, cooling, ventilation, hot water, and interior lighting systems.

Provides AMT relief. The Alternative Minimum Tax (AMT) was created in 1969 to prevent a small number of wealthy Americans from evading taxes. The AMT has come to affect more people every year because it is not indexed for inflation. This law prevents 26 million Americans from paying more taxes this year.

Natural disaster tax relief. Provides temporary tax relief for areas damaged by severe storms, tornados and flooding in the Midwest during 2008. Also, temporary tax-exempt bond financing and low-income housing tax relief for areas damaged by Hurricane Ike.

Extends leasehold improvements. Extends the 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant improvements through January 1, 2010 for property placed in service after December 31, 2007. Extends the 15-year recovery

period for depreciation of certain improvements to retail space through January 1, 2010 for property placed in service after December 31, 2008.

HIGHLIGHTS OF THE TROUBLED ASSET RELIEF PROGRAM:

Purchases of troubled assets. The U.S. Treasury is authorized to establish a Troubled Asset Relief Program (TARP) to purchase troubled assets from financial institutions. The law includes provisions to prevent unjust enrichment by participants in the program. A financial stability oversight board will be established to ensure the policies are in accordance with the economic interests of the United States.

Mitigation of foreclosures. For mortgages and mortgage-backed securities acquired through TARP, the Treasury Secretary must plan to mitigate foreclosures and to encourage servicers of mortgages to modify loans. The Secretary will be allowed to use loan guarantees and credit enhancements to avoid foreclosures.

Limits executive compensation. The Treasury Secretary will write executive compensation rules governing financial institutions that sell the government troubled assets. For assets the Treasury buys directly, the financial institution must observe standards limiting incentives and prohibit golden parachutes.

Authorization to purchase troubled assets. Authorizes the full \$700 billion requested by the Treasury Secretary for implementation of TARP. The Secretary is allowed to use \$250 billion of those funds immediately under this law. Upon a Presidential certification of need, the Secretary may access an additional \$100 billion. The final \$350 billion may be accessed if the President transmits a written report to Congress requesting such authority.

Raises the statutory limit on public debt from \$10 trillion to \$11.3 trillion. As of October 3, 2008 the public debt was \$10.128 trillion.

Strengthens the Hope for Homeowners program.

Increases eligibility and improves the tools available to prevent foreclosures.

Raises the FDIC and the National Credit Union Share Insurance Fund deposit insurance limits from \$100,000 per account to \$250,000 until December 31, 2009.

Temporarily raises the borrowing limits at the Treasury for the FDIC and the National Credit Union Share Insurance Fund.

State Budget Conditions Continue to Slip

In many states across the country, the finances of state governments are worsening. State revenues have been much lower than many states expected. While state officials expected revenue growth to slow in Fiscal Year (FY) 2008, they did not anticipate it to increase at such a gradual pace or decline. Budget gaps are growing because many FY 2008 budgets were based on revenue forecasts that are not materializing as expected.

Commercial real estate professionals need to be aware of state financial situations because when state revenues decrease, state legislators and governors propose new taxes and fees.



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LICPOLICY](http://WWW.IREM.ORG/PUBLICPOLICY)

CREDIT CRISIS KEEPS COMMERCIAL PROPERTY DEALS ON HOLD

Although the current economic crisis hinges largely on problems in the housing sector, nearly all financing has felt the crunch. Further consolidation in the financial markets due to bank failures and closing of investment houses put all types of lending at risk. The independent investment banking industry (once lead by Bear Stearns, Lehman Brothers and Merrill Lynch) is virtually gone. The continued failure of banks (IndyMac, Washington Mutual, and Wachovia) strains liquidity for all sectors—car loans, student loans, business loans, and of course real estate loans.

When financial markets are gripped by fear, one failure leads to another. Despite low defaults and well-performing credit instruments, credit to the commercial mortgage-backed securities (CMBS) market has almost completely stalled. While commercial markets hold steady with strong industry

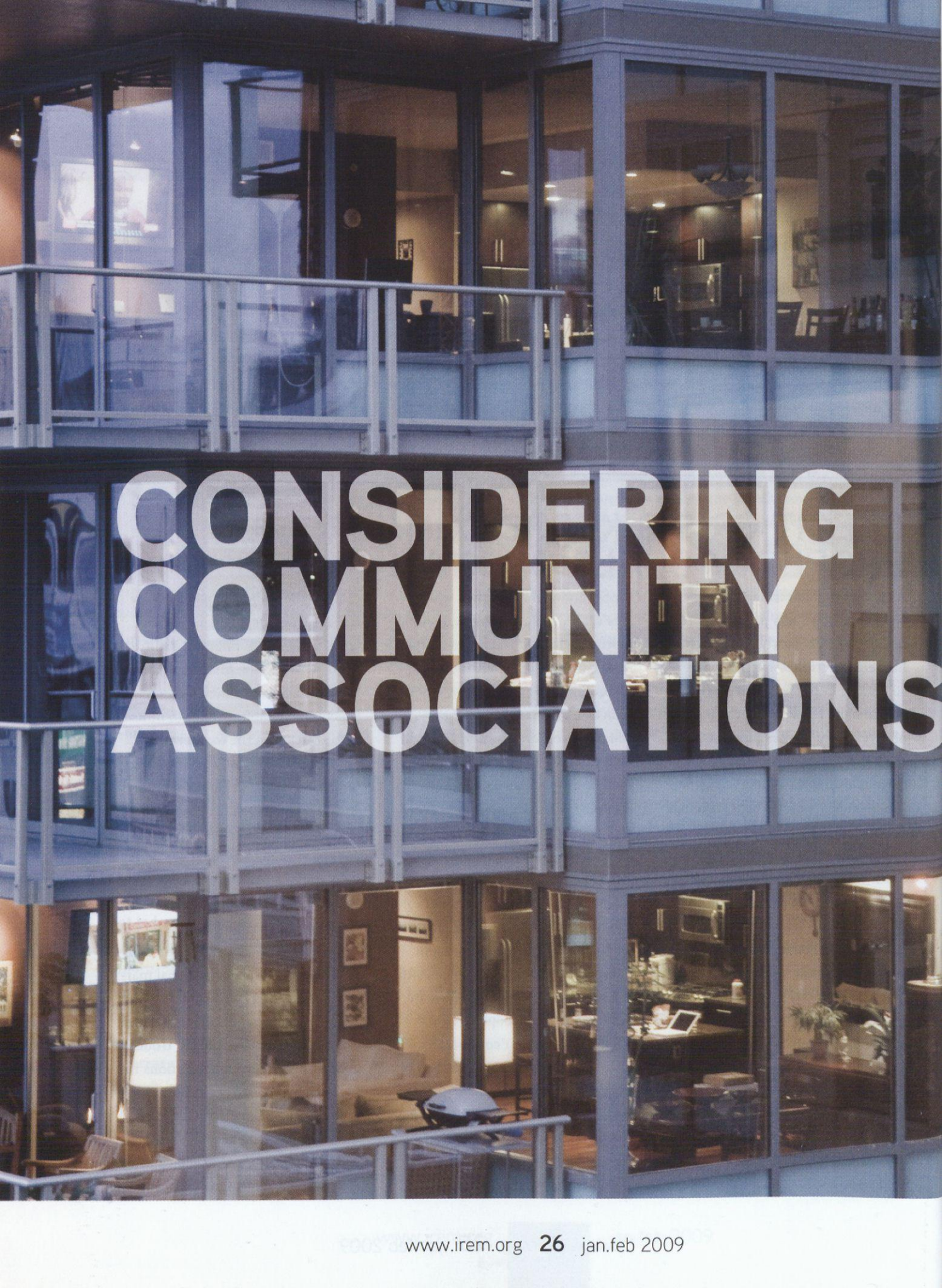
supply and demand, credit markets are frozen and the commercial mortgage-backed securities market is non-functioning. Without action to liquefy credit markets, new construction and development projects will most certainly be affected, and with them the potential for further job loss in this sector of the economy. Credit markets are terrorized by the fear that debt may be deemed less valuable shortly after it is issued. Commercial real estate deals are, for the most part, on hold these days as buyers and sellers wait for the credit crunch to ease and the economy to rebound, according to a report released in October by PricewaterhouseCoopers.

The Emergency Economic Stabilization Act of 2008 (EESA) is intended to allow financial institutions to rid themselves of “troubled assets” and resume regular lending activities. The law creates a Troubled Asset Relief Program

(TARP) (described above) to allow the Treasury Department to purchase assets from financial institutions, allowing the financial institutions to clean up their balance sheets, and enabling them to infuse credit back into the market.

“Troubled Assets,” as defined under the TARP program, include “residential or commercial mortgages and any securities, obligations, or other instruments that are based on or related to such mortgages, that in each case was originated or issued on or before March 14, 2008, the purchase of which the Secretary determines promotes financial market stability.” As of November 13, 2008, Secretary Paulson moved the focus of TARP from buying troubled assets from financial institutions to focusing on the nation’s struggling consumers.

NAR and IREM are fully engaged with the government agencies who are overseeing this new program. ■



CONSIDERING COMMUNITY ASSOCIATIONS

IREM MEMBER
SHARES HIS
STRATEGIES
ON EVALUAT-
ING WHETHER
TO TAKE ON
MANAGEMENT
OF THESE
PROPERTIES.

BY MICHAEL E.
PACKARD, CPM®

As is common for many of us well established in the real estate management business today, we entered the field by happenstance or because an opportunity came our way.

THIRTY-FIVE YEARS AGO, I WAS WORKING AS A STOCKBROKER IN LOS ANGELES WHEN AN OLD FRIEND OF MINE, JAMES LOOMIS, CPM, CONTACTED ME ONE DAY WITH THE IDEA OF JOINING HIM IN HIS PROPERTY MANAGEMENT BUSINESS. His idea was to expand his firm's base from Orange County, Calif., to San Diego County where he had

recently contracted to manage a very large community association. With the stock market in the doldrums, I decided to accept the offer.

In the 1970s, to be considered a professional in the property management industry, you had to be a CPM. Along with the challenges of starting a new division, I was also required by Jim and his father to obtain my CPM designa-

CHARGING MANAGEMENT FEES THAT ACCOMMODATE THE DEMANDS OF ADEQUATELY STAFFING THE FIRM AND PAY FOR THE OTHER EXPENSES NEEDED FOR RUNNING A BUSINESS IS THE PRAGMATIC THING TO DO.

tion. I am so grateful they insisted on this endeavor for my career, as the designation and IREM membership have rendered more rewards than I ever could have imagined.

With the new community association management division of our firm in place, we started to reap the rewards of increasing our community association portfolio along with apartments, single-family homes and commercial properties. The condominium market was in its early stages, and we were in a great position to grow.

Despite our increasing portfolio size resulting from our additional community association management business, we soon realized a unique challenge in this particular real estate niche—the community association fees we obtained were relatively low compared to the fees of the other types of real estate we managed. This was the case back then and continues to be true today. Although profits for community association management companies have improved somewhat over the past 35 years, they are still not keeping pace with traditional commercial or apartment management companies.

Thus I can share several ideas and strategies to ensure the business of community association management is well worth your company's time and effort. It may not be as straightforward as management of other

property types, but it can certainly become a feasible property type to add to your management portfolio.

UNDERSTANDING FEE STRUCTURES

Management fees for apartment and commercial buildings are typically a function of percentages of rent. An average percentage for both types would be in the neighborhood of 3 percent. On the other hand, community association management fees are predicated on dollars per unit, e.g., \$15 a unit. Comparing fees for a 100-unit apartment building with a 100-unit community association discloses an alarming difference. The example below provides the details:

Community Association Management Fee of
100 units x \$15 = \$1,500

Apartment Management Fee of
3% x \$100,000 = \$3,000

(Assumes a conservative \$1,000 a unit for rents.)

The above fees are in no way proposed as a standard; they are simply examples for this discussion.

Obviously the variance is significant, and finding other revenue streams within management of the community association is a must. Thus, there are two typical ways senior management for community association management companies generate decent profit margins:

- 1) Require their managers to oversee a significant number of clients—certainly more than their contemporaries in commercial and apartment management;
- 2) Concentrate on devising ancillary income sources.

As to the first issue, heavy account loads coupled with the fact that community managers meet with their clients at night (boards of directors of community associations typically hold their meetings in the evening) results in a significant amount of community manager burnout. This management burnout can result in client loss, which when compared to client loss in commercial and apartment

management, is significant—most clients in the commercial and apartment disciplines are lost due to change in ownership, rather than manager burnout. For community associations, the turnover rate of property managers and clients is nearly double compared to that of commercial and apartment properties.

The impact of client turnover translates into a loss of revenue, which then spurs the argument for additional ancillary income sources. Ancillary income can include the following services for the community association: postage, photocopying, faxes, transfer fees, extra time at board meetings, extra property inspections, time for handling legal matters, delinquency collection, insurance adjustment, construction management, payroll surcharges, etc. In addition to these income generators, many property management companies have established divisions that provide building and landscape maintenance, snow removal, janitorial and concierge services for high-rise buildings.

Community association management firms can often generate up to 40 percent additional income from their clients from these sources. In my mind, in terms of profits, community association management can be compared to the theater: The tickets sold will probably not cover the expenses associated with the movie; it's the concessions sold that make the difference.

The challenge senior management experiences when selling ancillary income can be quite significant as many boards of directors look at the extra charges in a management contract as an attempt by the management company to nickel and dime the association. Because many community association boards are price rather than quality driven, the totality of extra charges can sometimes be the difference in whether a property management company retains or is awarded an account.

BALANCING ACT

Selling a lot of "popcorn" then is often inevitable but is ultimately not what community association management company executives want to be challenged with. So, should managers not pursue ancillary income options? Or

is there a way to achieve a balance between adequate fees and keeping some of those additional income streams? Some managers may have no other choice if they want to secure reasonable profit margins for their companies.

Perhaps the best answer to this challenge is simple—charge adequate management fees. Charging management fees that accommodate the demands of adequately staffing the firm and pay for the other expenses needed for running a business is the pragmatic thing to do.

With all this said, if you are considering community association management, be sure to perform significant due diligence before leaping into this endeavor. Learning how to train and motivate employees is one of the most important tricks of the trade. Extensive training programs will certainly be the norm for successful community association management companies. In addition, be sure to spend some time with a community association industry professional who can provide you with the nuances of this type of management. Local competitors may not want to share a great deal of information for obvious reasons, but IREM Members in other parts of the country may be willing to invite you to spend some time visiting their operations.

Managing community associations can be a significant challenge, but with the right strategies in place these properties can be rewarding additions to your real estate portfolio. ■

Mike Packard (mpackard@associaonline.com) CPM, has served more than 30 years in real estate management as a senior executive. He is currently a senior vice president in charge of acquisitions with Associa in Carlsbad, Calif. Packard is a past IREM San Diego Chapter No. 18 President and a former IREM Senior Vice President. He currently serves as a member of IREM's Education Committee.





SOUND MAINTENANCE STRATEGIES FOR ASSET PRESERVATION

IREM Member Shares Her Company's Insights
by Susan Sgrignoli, CPM[®], SCM/CMD

THE GOAL OF GOOD MAINTENANCE IS TO MINIMIZE THE IMPACT OF AGING OF BUILDINGS AND EQUIPMENT ON THE BOTTOM LINE, AND TO PROVIDE THE MOST EFFECTIVE USE OF THE PROPERTY AT THE LOWEST COST CONSISTENT WITH THE OWNER'S SHORT- AND LONG-TERM GOALS. As the property manager, you are a steward of these assets.

A solid maintenance program begins with the owner's understanding, commitment, support and involvement in

a structured plan. Maintenance must be kept in the forefront of the operating team's consciousness. The mission statement, or the standard, should be the driving force for keeping the team on course to deliver world-class service to its customers, including owners, customers, tenants and vendors. It is the responsibility of property managers to help the front-line team keep the standard—and its relationship to their owners' businesses—in perspective. This perspective enables the management and front-line

team to appreciate the priorities the owner has set forth, which may lessen their frustration when work cannot be scheduled as planned.

Begin developing your plan with an assessment of the productivity of the building you are managing. You may use one or more of the following to begin your assessment.

1. STRATEGIC MEASURES

Strategic measures can be derived from measuring maintenance costs to net operating income (NOI), maintenance costs to asset value or equipment replacement costs per square foot. Process/safety measures that impact profitability are assessed as U.S. Occupational Safety and Health Administration (OSHA) injuries per man-hours, utility expense per square foot; kilowatt hours per occupied square foot per year. Because such measures impact the owner's profitably and/or return on investment, you may have used them in developing your CPM management plan. You can reference benchmarking studies like the *Income/Expense Analysis: Office Buildings* from IREM or the *Dollars and Cents of Shopping Centers* from the Urban Land Institute (ULI) to obtain a sense of what is an average measure for your property type.

2. INTERNAL MEASURES

Internal measures are often considered the operating standards of the owner and can be derived from the following:

- 1) Reviewing onsite facility conditions (and comparing them to the standard);
- 2) Tenant satisfaction—including an evaluation of response time to urgent work requests;
- 3) Understanding the level of deferred capital investment;
- 4) Measuring complaint levels and the backlogs of work.

At my organization, these standards are audited by a third party at random times of the year. Results are reported back to the team and deficiencies are addressed. Tenant satisfaction is usually measured by a third-party survey which gives the property teams feedback to help them improve.

3. EQUIPMENT RELIABILITY

The reliability of your equipment can be measured by calculating average equipment downtime, time between

equipment failures, maintenance overtime percentage, training reliability and the average number of preventive maintenance actions you schedule to prevent the failure of equipment before it occurs (see sidebar on next page). Monitoring capital-intensive systems like central plants and roof top units is critical to their preservation.

4. OPERATIONS CONTROL

The control of your operations can be measured by calculating the percentage of direct work conducted by the owner's team, the percentage of supervisory hours required to operate, the team's performance against standards, work schedule compliance, and the ratio of man-hours used for planned and unplanned work. Metrics like these best enable a manager to determine man-hours needed to maintain an efficient operation. Additionally, the allocation of staff or contracting out for a specialized craft, like HVAC, may be achieved by understanding the results. Calculating such metrics by hand can be time consuming. It has been my experience that measurements are most effective when a Computerized Management Maintenance System (CMMS) is in place and benchmarks are reviewed consistently and frequently.

You will begin developing a master plan after you have established key assessment measures that are meaningful to your owner, and to the size and sophistication level of your portfolio. Identifying key measures will enable the team to define a starting point, prepare a master plan that is meaningful for the team and help the team measure and celebrate success.

The master maintenance plan should cover the organizational, system, building, equipment, quality and procedural needs of the company. The plan defines and prioritizes a logical sequence of actions within a measurable period of time. The plan should be realistic, define responsibility and be consistent with the financial objectives of the organization.

The maintenance team is typically supported by a property manager and/or an operations manager who is responsible for communicating the maintenance plan to the team, monitoring the financial impact of work in the field and orchestrating action by developing overall

timelines and eliminating barriers that the front line team of engineers may experience. A maintenance team may also enjoy the talents of a field supervisor who is typically a hands-on leader who works alongside the maintenance team to ensure the work is accomplished.

BUDGET CONSIDERATIONS

Developing a maintenance budget is complex work. I think it is important to note that maintenance is neither a variable nor a fixed expense. The budget will flex in a stepped pattern based on the philosophy of the owner and how expenses have been incurred in the past. The key is to understand those patterns and plan for the next phase. Budgeting of this nature often requires not only an analysis of accounting records but of work records as well. A more sophisticated owner will further develop this plan to include a five-year capital planned for significant improvements (like roof replacement, parking lot replacement, etc.) that require large amount of capital investment.

A weekly activity report (usually comprised of work orders issued in the prior week) is a key report that will help you develop your master plan. Activity reports may produce the following metrics that can be used to create your plan and administer budget controls:

- Work order number
- Work order status
- Estimated man-hours for task
- Estimated man-hour expended in the period
- Prioritization of work
- Work type
- Work order request date
- Work order due date
- Requestor/Requesting department
- Equipment number and description

If you have the good fortune of managing your maintenance department workflow with a Computerized Management Maintenance System (CMMS), you will be able to capture even more statistics from this data, like misallocation of resources based on the work's priority, equipment failure trends, current work log, back-work log, preventive maintenance status, call-in frequency, overtime and more. Some systems even allow the property manager to survey tenant's (who recently received work)

preventive maintenance

Preventive maintenance, or PM, is the planned care and service of equipment to prevent its failure. Like a service schedule for an automobile, specific property maintenance tasks should be assigned at varying frequencies to keep a building from experiencing unexpected equipment breakdowns. Preventive maintenance activities typically include tests, measurements, adjustments, parts replacement and partial or complete equipment overhauls. The higher the value of property assets and equipment per square foot of the property, the greater the return will be on a preventive maintenance program.

TO CONSTRUCT A QUALITY PREVENTIVE MAINTENANCE PROGRAM IT IS IMPORTANT TO:

- Establish inspection and preventive maintenance as an important part of your overall maintenance program.
- Assign a responsible, motivated team to perform preventive maintenance actions.
- Provide training in preventive maintenance techniques specific to the equipment at your properties.
- Create detailed procedures for performing preventive maintenance tasks.
- Publicize reduced costs that stem from preventive maintenance actions.

Like any maintenance operation, this program has risks, such as equipment failure or human error when performing preventive maintenance.

>> continued on next page

ACHIEVING MAINTENANCE EXCELLENCE IS A CRITICAL PATH TO ENSURING RETURN ON INVESTMENT.

satisfaction and proactively manage tenant relations. As mentioned earlier, this is an efficient means to proactively manage third party survey results, delivering higher tenant satisfaction.

As an example, I received one monthly CMMS survey that indicated tenants believed the engineers on my team were not responding to their requests, when in fact, they were. We determined that the primary tenant contact may have been busy when the engineer was on site. As a result, our team developed a service card that the engineer could leave on the contact's desk to make him or her aware when the requested services are completed.

In any event, the maintenance information obtained for forecasting your budget and developing a work plan should include efficiency trending reports (like back-work logs, completed preventive maintenance actions, overtime trends, and equipment reliability trends). This information provides critical decision-making tools for the management staff so the maintenance organization can function efficiently.

MANAGING MAINTENANCE STAFF

The maintenance staff is responsible for including a number of critical areas such as the supervision of work execution, planned work preparation and engineering.

The maintenance supervisor is responsible for the con-

trol, quality, costs and effectiveness of actual maintenance work. This can be achieved by ensuring that there is little time lost between jobs, ensuring the next job is always ready and prioritizing maintenance tasks. The mantra, "manage by walking around" has never been truer than it is for maintenance work in today's buildings. Visiting, recognizing and encouraging our front-line team not only adds credibility to their work but motivates them as well.

Maintenance supervisors should also identify and provide any necessary training required for their crew members. Responding quickly to employees who ask for support or training heightens performance.

Staying on schedule means good planning and ensuring that the team has the tools needed to get their work done. Holding each member accountable for their work also helps to keep employee morale high.

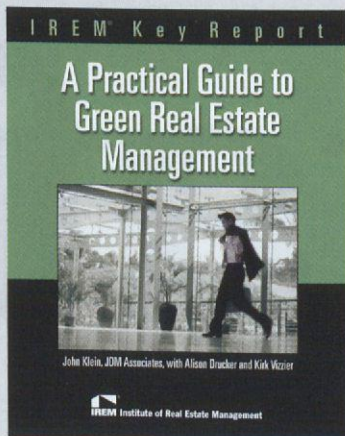
Where there are opportunities, the maintenance workload can be contracted to specialized vendors. Types of work commonly contracted out include: seasonal jobs like exterior landscaping, grounds work and snow removal, one time construction work, specialized work like managing chemicals for certain types of equipment, low-skill work like housekeeping, high-skill work like managing building security—especially those properties with extensive closed circuit television (CCTV) programs, vertical transportation, work that requires a license, and work where the contractor takes legal responsibility like fire safety and alarm management.

While there are no magic solutions or shortcuts to developing the ideal maintenance program, achieving maintenance excellence is a critical path to ensuring the return on investment your owner planned. In today's world we know that being proactive with maintenance, and focusing on workflow and root causes analysis creates an information base from which financial and managerial decisions are made. With a clear direction and shared information, world-class maintenance is achievable at your company. ■



Susan Sgrignoli, CPM®, SCM/CMD (susan.sgrignoli@generalgrowth.com) is the senior general manager of Southwest Plaza in Littleton, Colo., for General Growth Properties.

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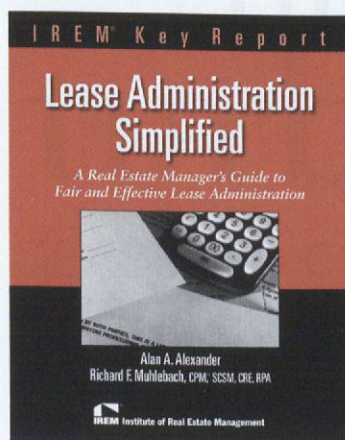


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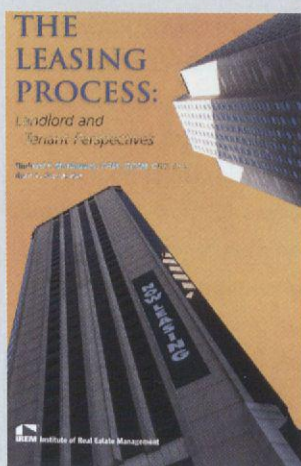


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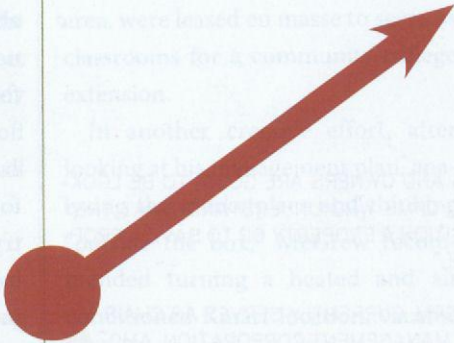
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ing through turbulent times



SEASONED CPM® MEMBERS SEE SILVER LINING IN STRESSED ECONOMY • BY JANICE ROSENBERG

THE CURRENT DOWNTURN HAS NOT TAKEN IREM CERTIFIED PROPERTY MANAGERS (CPMs) BY SURPRISE. THEY KNOW THAT REAL ESTATE DECLINES ARE CYCLICAL. WHILE ECONOMISTS PREDICT A CONTINUING ECONOMIC DOWNTURN, EXPERIENCED PROPERTY MANAGERS SEE PLENTY OF BUSINESS OPPORTUNITIES ON THE HORIZON.

"We're entering a time when the need is going to be there for the top flight professional CPM," said Robert B. Toothaker, CPM, chairman, CB Richard Ellis, AMO®, in South Bend, Ind. "The smart lenders and owners are going to be looking for experienced CPMs who understand what they need to do to reposition a property or to save a property for the future."

J. Benjamin McGrew, CPM, president of MANAGEWEST, Inc. in Carmichael, Calif., agrees and understands the value of his IREM education and training to assist owners of troubled properties during these challenging times.

"We're seeing an unprecedented amount of properties hitting the market at the same time, McGrew said.

McGrew stressed that owners need to hire some-

one who has the credentials—a CPM or AMO designation—in order to turn many of the troubled properties around.

What makes a CPM or AMO firm stand out from the rest? Richard Muhlebach, CPM, and a real estate consultant in Woodinville, Wash., said that because CPMs are required to create a business plan—known as a management plan to those educated through IREM—in order to receive their CPM designation, they are trained to create these plans for every property they manage. This allows CPMs to show both their analytical and creative talents to owners when hired to manage a troubled property.

RECOGNIZING MURKY WATERS

For most in the real estate business,



"THE SMART LENDERS AND OWNERS ARE GOING TO BE LOOKING FOR EXPERIENCED CPMS WHO UNDERSTAND WHAT THEY NEED TO DO TO REPOSITION A PROPERTY OR TO SAVE A PROPERTY FOR THE FUTURE."

ROBERT TOOTHAKER, CPM, CURRENTLY SERVES AS CHAIRMAN OF REAL ESTATE MANAGEMENT CORPORATION, AMO, AND CB RICHARD ELLIS SOUTH BEND, AMO. IN 2007, BOB SERVED AS PRESIDENT OF IREM.

knowing some of the early signs of an economic shift is essential to taking the appropriate actions at the right time.

"When the real estate market is booming, people in the real estate industry think it will never end," Muhlebach, said. "When they are suffering, people think they will suffer a lot longer than they normally do. But when you're in real estate as a CPM, you know it's going to be a cycle. The challenge is in anticipating the cycle."

Experienced CPMs were alert to early indicators of the current decline. For McGrew, those indicators included calls from attorneys asking that his company serve as a receiver for troubled properties. As a result of this increased business, since February 2008, McGrew and his employees have worked six-day weeks, proving their worth as CPMs inside receivership and bankruptcy cases.

McGrew viewed the reduction of bank credit lines to basic consumers as a further indicator of difficult times ahead. Having worked as a real estate insolvency practitioner, he dusted off his law books so that he would be ready for new business that was sure to follow.

"This time around it's the housing market that's serving as the downturn's leading edge," McGrew said. "Retail follows rooftops, which means that if the housing industry stops, the unanchored strip centers are next, followed by office buildings and then other types of commercial industry."

Indicators vary with geography, often depending on the job market in a particular area. For example, for a period of time in advance of the current decline, the economy in eastern Michigan had been weak due to downturns in the auto industry exacerbated by the rise in gasoline prices, Toothaker said.

Similarly, 18 months ago, as gas prices rose, Toothaker saw the RV and manufactured home industry in northern Indiana begin to decline. He viewed this as a red flag signaling difficult economic times ahead, for both the region and the nation.

A decline in the Florida condo market served as another early warning sign for Toothaker.

"We were invited to bid on many development properties that were in trouble because they weren't selling, and now units that were completed—but not sold—were reverting to apartments, giving us mixed properties we were trying to manage," Toothaker said.

Barbara Holland, president of H&L Realty and Management Co., Las Vegas viewed downturns in the local housing market in 2007 as likely indicators of trouble ahead. With that in mind, in the last quarter of 2007 her company expanded its market survey, visiting every apartment community in a wide geographic sweep.

"We created flyers to market our strengths and target these properties," Holland said. "We spent more time on leasing and marketing programs, and visited our onsite

RECEIVERSHIP A RECEIVERSHIP IS DEFINED AS A COURT-ORDERED TURN-OVER OF A PROPERTY TO AN IMPARTIAL THIRD PARTY (RECEIVER) SO THAT IT MAY BE PRESERVED FOR THE BENEFIT OF THE AFFECTED PARTIES. A SPECIAL TRUST IS SET UP TO HOLD AND ADMINISTER PROPERTY UNDER LITIGATION.

managers on a regular basis.”

Holland’s concerns were well founded. In the first three months of 2008, more than 35,000 people in the Las Vegas construction industry lost their jobs. Work at some large scale building sites has ceased and most likely will not resume until 2010. Major hotels are also laying off employees. Many workers have moved out of state, or will move, leaving behind empty housing units.

OPPORTUNITIES AVAILABLE

CPMs can turn disaster into opportunity by coming up with inventive ideas for redevelopment and reuse. This again is something they would have needed to show in their final step to earning their CPM designation and is what sets them apart.

In the early 1990s, Muhlebach brainstormed new ways of filling a half-vacant mall in Wasilla, Alaska. First his company created a best use management plan that included finding temporary tenants and creating a program to merchandise vacant space. One spot was filled by a local chamber of commerce office that paid no rent; a radio station filled another, providing radio spots to management as payment for part of the rent.

“Sometimes the best use you come up with will continue because it is the best regardless of the economy,” Muhlebach said. “Or it might be only a temporary best use, as it was in this case in Alaska.”

Also in the early 1990s, Muhlebach applied this best use concept to a small, enclosed mall in Washington state. The mall had two anchor tenants and 50,000-square-feet of small shops—all empty.

“When you look at some property types, you know that the original concept was incorrect,” Muhlebach said. “Even in a good market this mall would have suffered, but in a down market, it was a total failure.”

Muhlebach recommended that the row of shops with their backs to the parking area be turned around, making them part of a strip mall with outside entrances. The

stores on the opposite side of the mall, with their backs to a wooded area, were leased en masse to serve as classrooms for a community college extension.

In another creative effort, after looking at his management plan, analyzing the marketplace and thinking “outside the box,” McGrew recommended turning a heated and air conditioned Kmart location, vacated after the company filed for bankruptcy in 2002, into a mini-storage facility. The lender balked at the idea until McGrew explained that the area’s demographics—people living in smaller housing units lacking garages or other additional storage—supported his plan. With that in mind, the lender also agreed to fence the Kmart’s large parking lot and develop it as drive up storage for motor homes.

Similar opportunities are available now. For instance, Toothaker recently helped a condo developer—caught in the middle of the sellout stage—change unsold condominiums into rental units.

“One of the markets this particular property appealed to was students at a local college,” Toothaker said. “To make the co-habitation of condo owners and rental residents as congenial as possible, instead of allowing the students to conduct their own parties, we hold parties for them and invite all the residents.”



“TYPICALLY IN A DOWNTURN YOU DON’T SEE A MAJOR REDUCTION IN THE NUMBER OF PROPERTY MANAGERS IN THE INDUSTRY. IF ANYTHING, THE INDUSTRY STILL GROWS SLOWLY AS A FEW OTHER PROPERTIES ARE BEING ADDED TO THE MARKETPLACE.”

RICHARD F. MUHLEBACH, CPM, SCSM, CRE, RPA, HAS OVER 37 YEARS EXPERIENCE MANAGING AND LEASING COMMERCIAL PROPERTIES. HE CO-AUTHORED THE NEW IREM PUBLICATION *THE LEASING PROCESS: LANDLORD AND TENANT PERSPECTIVES*. MUHLEBACH SERVED AS THE IREM 1998 NATIONAL PRESIDENT.

RECEIVER A RECEIVER IS AN INDIVIDUAL APPOINTED BY A COURT TO MANAGE A PROPERTY THAT IS THE SUBJECT OF A PENDING BANKRUPTCY OR FORECLOSURE. A RECEIVER’S ROLE IS TO PRESERVE PROPERTY THAT HAS BEEN ABANDONED OR FOR WHICH THERE HAVE BEEN ALLEGATIONS OF FRAUD OR MISMANAGEMENT BY THE OWNER. IN SOME STATES, THE PROPERTY IS ASSIGNED TO A RECEIVER DURING THE STATUTORY REDEMPTION PERIOD AFTER A FORECLOSURE SALE.



"THIS TIME AROUND IT'S THE HOUSING MARKET THAT'S SERVING AS THE DOWNTURN'S LEADING EDGE."

J. BENJAMIN MCGREW, CPM, CCIM, IS PRESIDENT OF MANAGWEST, INC. IN SACRAMENTO, CALIF. HE HAS NEARLY 30 YEARS EXPERIENCE IN PROPERTY MANAGEMENT. MCGREW CURRENTLY SERVES AS 2009-2010 IREM REGIONAL VICE PRESIDENT FOR REGION 11.



"WE CREATED FLYERS TO MARKET OUR STRENGTHS AND TARGET PROPERTIES. WE SPENT MORE TIME ON LEASING AND MARKETING PROGRAMS, AND VISITED OUR ONSITE MANAGERS ON A REGULAR BASIS."

BARBARA L. HOLLAND, CPM, IS PRESIDENT AND PRINCIPAL OWNER OF H&L REALTY & MANAGEMENT COMPANY IN LAS VEGAS. SHE HAS OVER 37 YEARS EXPERIENCE IN REAL ESTATE MANAGEMENT. HOLLAND WAS THE FIRST LAS VEGAS IREM PRESIDENT IN 1984 AND HAS SERVED AS IREM REGIONAL VICE PRESIDENT FOR REGION 8.



New opportunities will continue to appear as the downturn hits more businesses. For example, McGrew said he might consider offering properties that were formerly home to auto dealerships, and are located along highways with high traffic counts, to companies that erect giant media signs.

Known as "interactive signs," these electronic wonders rotate advertisements of as many as twenty different businesses and earn as much as \$8,000 per advertiser per month.

"They are a bit obnoxious, but they are another way to use a property in tough times," McGrew said. "Cities like them for their tax revenue base.

They don't bring in as much in taxes as the auto dealership, but most cities are receptive to approving the signs because some taxes are better than none."

APPLYING KNOW HOW

Knowing how to capitalize on the expanded needs of potential clients helps CPMs attract more business, not less during a downturn.

For example, Toothaker already has picked up some new contracts: first, from people who have been managing their own properties and are not doing well; second, from retail developers who are in the midst of construction with their properties and have been caught short.

"A lot of people get into the business of owning real estate and figure they can manage it for themselves," Toothaker said. "The property may not perform to its optimum, as it should if it's professionally managed, but good times will cover a lot of ills. But as a decline comes on and things begin to fail, they need help."

The expanded needs of current clients are another important focus for CPMs. During the downturn in the housing market it's important to concentrate on renewals, Holland said. Her company throws renewal pizza parties for apartment residents and offers rewards such as carpet shampooing to those who renew their leases.

To attract new residents, Holland suggests offering referral fees to current residents. Similarly, incentive programs can inspire management company employees to fill apartments.

Management activities will become more intense as CPMs work through these and other problem-solving scenarios with their clients, Toothaker said. In an economic downturn CPMs need not reduce their fees to retain clients nor to attract new business.

"The property management industry has a lot of consistency in it," Muhlebach said. "Even if property owners are in a soft market, someone needs to manage the property. Typically in a downturn you don't see a major reduction in the number of property managers in the industry. If anything, the industry still grows slowly as a few other properties are being added to the marketplace."

IREM executive vice president/chief executive officer, Russell C. Salzman is watching the market closely and agrees that opportunities are out there for CPMs to lend their knowledge and expertise.

"I've had numerous conversations with CPMs who say

that business is hopping," Salzman said. "Property owners entering troubled times are looking at hiring credentialed people, experienced people—IREM people—to manage their properties. Our members can attract clients by showing how they are going to help them live through this storm that's brewing."

McGrew said that despite the challenges and uncertainty, this is a great time for CPMs to get involved with troubled properties and lend their expertise to struggling owners.

"CPMs are a very resilient bunch—not only are they resilient—they are also optimistic," McGrew said. "There is a silver lining [to this situation] and we can see it." ■

Janice Rosenberg is a freelance writer for JPM. Send questions regarding this article to mnaso@irem.org.

SHOULD NEW CPM MEMBERS WEATHER THE STORM?

Those just beginning their careers in real estate management might wonder about the wisdom of their job choices. But experienced CPMs think their timing couldn't be better.

"I think the next three-to-five years are going to be an incredible learning opportunity for any new CPM getting into the business," Toothaker said. "The aspects of how this decline goes forward, the workouts they'll be involved in, the opportunities to see the repositioning of properties and how that analytical process goes forward—you learn a whole lot more in tough times than in easy times."

Experienced CPMs offer the following advice to newcomers who want to take advantage of these learning opportunities:

First, if "location, location, location" remains the quintessential real estate mantra, then "education, education, education" should be the underlying theme for those starting out in property management, Muhlebach said. On-the-job training obviously is invaluable, but newbies can benefit more rapidly from that training when they have the educational frame of reference to support it.

Second, once they have the bricks and mortar of education in place, new CPMs must take advantage of networking opportunities. "Reach out to the person sitting next to you," Muhlebach said. "Life and business are both a culmination of experiences, and networking allows sharing of those experiences to each others' benefit."

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charting new terrain

HOW FORECLOSURES & THE MORTGAGE CRISIS ARE TRANSFORMING THE RENTAL MARKET • by Diana Mirel

HOME FORECLOSURE FILINGS CONTINUE TO INCREASE AT UNPRECEDENTED RATES—AS OF SEPTEMBER 2008, ONE IN EVERY 475 HOUSING UNITS RECEIVED A FORECLOSURE FILING, ACCORDING TO REALTYTRAC. WITH THE MORTGAGE AND CREDIT CRISIS MAKING HEADLINES EVERY DAY, real estate managers in the residential rental sector cannot afford to ignore changing market conditions and must recognize the impact foreclosures have on this part of the real estate industry.

As worrisome as this trend is, foreclosures in today's volatile market offer unique opportunities and possibilities for real estate management professionals, specifically those managing rental properties.

"In the big picture, homeownership rates are dropping, which means there is more need for rentals—

and that's a good thing for property management," said Robert Machado, CPM®, MPM, president of HomePointe Property Management in Sacramento, Calif. "Property management usually runs counter to the market conditions. When times are tough in sales and real estate, it is pretty solid for property management."

However, increased rental demand does not immediately translate into reliable renters. Often, this new pool of prospective residents has poor credit due to the foreclosures. Property managers must learn how to serve an influx of new renters with tarnished credit while

"MY PREDICTION IS THAT PROPERTY MANAGEMENT WILL BE FINE, PEOPLE NEED TO LIVE SOMEWHERE. THERE IS A PLACE FOR RENTALS IN THE MARKETPLACE IN GOOD TIMES AND BAD."

—ROBERT MACHADO, CPM, MPM

still securing reliable, high-quality residents. To face these complex challenges, many management firms are revising their standards, offering more flexibility and allowing leniency for prospective renters with foreclosures. With no hard and fast rules for renting to these new prospects, managers who operate on a case-by-case, property-by-property basis have had the most success.

A BIGGER POOL

While foreclosures and the mortgage and credit crisis have significantly slowed real estate sales, the property management business is booming. Eric Luneborg, owner/broker, of CAL Property Management in Dallas notes increased traffic unlike anything he has ever seen in his 15 years of experience.

"There is more choice out there and a lot of people who are losing jobs or changing jobs, so there is a lot of volatility," said Luneborg. "When you have a lot of movement like that, people will make changes in how they live and where they live."

Specifically, Luneborg notes a dramatic increase in renters, in both the low-end and high-end rental markets. With lower-end markets less able to absorb a slow economy, these residents have increasingly been looking to move

into more affordable housing. Meanwhile, the higher-end rental market is also experiencing an increase in prospective residents because renters who would qualify for \$1,000-\$2,000 per month in rent would formerly have been home buyers.

"We're seeing a higher quality renter hitting the market," said Luneborg. "For those people, it is harder to get home financing, so individuals and families who would have qualified for a loan a year-and-a-half ago are making great renters today. We're able to capitalize on an incredible pool of new renters that we didn't have a year ago."

However, an increase in prospective residents does not necessarily translate into well-qualified residents. Many property managers are facing prospective residents with bankruptcies and foreclosures on their records and damaged credit scores. In the past, many of these applicants may have been deemed high risk and ultimately denied. But, today there are simply too many to ignore.

When HomePointe Property Management's processing department began receiving a dramatic increase in applicants with foreclosures, the company realized that business as usual had to change.

"Before, if you saw a foreclosure, you didn't like it and you walked away from it," said Machado. "Now, there are a lot of people coming in with those situations and we feel like we're not going to keep our vacancy rates at an acceptable level [if we don't work with them]. You might have a long, long vacancy if you don't consider some of these people because they are starting to represent a higher percentage of prospective residents."

Similarly, Chris Yates, president of CM Yates in Denver, noted that he has twice the number of prospective residents this year than he did one year ago, yet a large percentage of these new prospects also have bankruptcies and foreclosures on their records. Nevertheless, he sees plenty of potential.

"A lot of our residents come in saying they have bad credit. So we say, 'Do you have a job? How long have you worked there? Can we talk to your boss?'" said Yates. "Instead of having a \$500 security deposit and the first month's rent, I have them give me the first and last month's rents and a security deposit that is equal to a month's rent, which is usually twice if not more than I would have asked for before. I'm willing to overlook deficiencies in their credit if people can prove they are financially stable."

LOOSENING UP

As any property manager knows, a property is only as successful as the resident occupying the space. Thus, blindly filling vacancies should never be an option. Working with prospective residents who have foreclosures on their records requires savvy screening and thoughtful leniency.

"We're in the business of helping people with housing," said Cammie Allie, CPM, ARM®, district property manager for GSL Properties in Portland, Ore. "We don't want to stomp on people when they're down. If a foreclosure is the only thing [on their record], that has to be something we consider. You have to consider each case on an individual basis."

CAL Property Management, for instance, has selective screening criteria based on portfolio. While some portfolios have stricter policies, others have more room for leniency, making them ideal properties for residents with foreclosures. The company protects itself by doing a pro forma on every rental property to determine the benchmark it needs to be profitable. With that benchmark set from the beginning, the company can be flexible in filling these spaces.

Clearly, flexibility does not mean throwing traditional standards out window. While some companies may deviate from certain screening criteria during these difficult market conditions, setting standards makes navigating new terrain more manageable. For instance, when HomePointe Property Management decided to work with individuals who had foreclosures, the company mapped out how it would deal with different applicants based on three different financial situations.

In the first situation, Machado said that if applicants show they have kept everything else intact, but they have bad credit because their mortgage readjusted and they couldn't afford it any longer, HomePointe will consider them solid people to rent to, assuming they have acceptable job references.

The second situation that HomePointe is willing to consider includes any individuals whose credit report shows that for 16-17 months everything was going along fine, but just in the last five months their finances show slippage in payments.

"That is an indication to us that their mortgage up-ticked and they got in over their heads," said Machado. "We'll look at those people a little harder because they let all their credit go. But if their story makes sense and

everything looks good on their current income side to qualify for rental, we'll potentially do that deal."

Finally, HomePointe insists on maintaining strict standards when it comes to flat-out bad credit.

"We try to avoid people who have a foreclosure, bad credit throughout their entire credit history and those who have never been able to get a handle on things," said Machado. "There is just a different mentality with those people."

Like HomePointe, Southern Management in Vienna, Va., has seen an influx of people in the last year facing foreclosures looking to become renters in some of its pocket markets. To meet this demand, future residents with foreclosures must still meet the company's standard rental criteria that look at the credit history, income, rental history and so on, but the company may be more lenient in some instances.

"We've found that a lot of those individuals would have been our residents that left our communities to buy homes," said Pamela Martin, director of community relations. "They are usually qualified and they are very low risk. They may have been renters in the past or they had qualified to purchase a home, so they are qualified to meet our rental criteria. But, with the current market conditions, they may have just run into a snag with a foreclosure."

DEALING WITH DEVASTATED CREDIT

Not all property managers shy away from prospective residents with both foreclosures and poor credit. In these situations it is crucial to protect the property while being candid and



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upfront with the prospective residents.

"It is rare that I see someone with a foreclosure, yet all their credit cards and car payments are paid on time," said Yates. "It is usually a landslide; if one thing goes, it all goes. But the biggest thing for me is how recent it was. Do they still have six months past due on all their payments across the board? What is their explanation for that? Is it because they are doing a pending bankruptcy? Or, is it because they just don't like paying people and they are going to try to screw me over?"

To protect his properties while still working with individuals who have poor credit, Yates implements strict criteria.

"If they have some reason and I don't like it, I'll tell them that I'll rent them the house, but they're going to have to pay me three months of rent in advance and a security deposit before they get the keys," said Yates. "I basically am putting them in a situation where I am being very candid and friendly and saying, 'look, you are a high risk to me, but I'd like to help you out. So, you need to come to the table to lessen my risk.'"

By setting high standards and requiring a large amount of money upfront, Yates is filling his properties with reliable residents.

"Usually if they come in with a few months of rent upfront, they tend to work out," he said. "I am asking for evidence that I can trust them in light of bad credit—and money talks."

PROTECTING PORTFOLIOS

While today's market conditions have made renting to people with foreclosures on their records an often unavoidable reality, recognizing risks and protecting portfolios is crucial.

"Anytime you dip outside your credit criteria you're taking a risk," said Allie. "If you are facing this kind of risk, I suggest at least adding a double security deposit if you are going to have to make an exception."

Some property management firms may also require residents to pay into an insurance plan, such as SureDeposit, that offers alternatives to refundable security deposits. These types of plans can guarantee coverage not only for damages to the property, but also for missed or lapsed monthly payments.

Knowing the financial situation of a prospective tenant with foreclosures is crucial to assessing risk.

"We feel the only risk we're taking on [with residents with foreclosures] is that sometimes those individuals are still responsible for the mortgage," said Martin. "If their home is foreclosed on, they are sometimes responsible if there is a difference in the foreclosure amount and the mortgage amount. That would be a risk, but we will still try to qualify that person based on what the risk will be. From our standpoint, though, we see it as very little risk."

WHAT TO EXPECT

Looking ahead, the foreclosure forecast remains bleak for homeowners. According to an April 2008 Credit Suisse research report, falling U.S. home prices and a lack of available credit may result in foreclosures on 6.5 million loans by the end of 2012. These foreclosures could put 12.7 percent of all residential borrowers out of their homes, according to analysts.

For property management, that means even more prospective renters entering the market.

"My prediction is that property management will be fine," said Machado. "People need to live somewhere. There is a place for rentals in the marketplace in good times and bad."

Of course, with financial headlines changing every day, anything is possible.

In the meantime, though, dealing with residents with foreclosures is a reality that has actually benefited many managers in this rough economy.

"You have to be flexible in these times; you don't have the luxury of sticking to very strict standards right now," said Yates. "If you do, you'll be missing good people." ■

Diana Mirel is a contributing writer to *JPM*. Send questions regarding this article to mnaso@irem.org.

ETHICS

Ethics Boards Active at IREM 2008 Fall Meetings

THE BOARD OF ETHICAL INQUIRY reviewed two new complaints. The complainant in the first case was seeking to recover charges for mediation requested by the respondent, an AMO® firm that managed complainant's three properties. The complaint was subsequently withdrawn. Despite the withdrawal, the Board reviewed the complaint as required by the Statement of Policies to determine that a violation of the Code of Ethics had not occurred. After review the complaint was dismissed. In the second complaint, an outside party cited a CPM® for negligence when his condo was flooded and the CPM's firm did not act quickly enough to clean and dry the unit. The complaint was forwarded for hearing.

THE ETHICS HEARING AND DISCIPLINE BOARD conducted a "show-cause" hearing. A show-cause hearing can be requested by an IREM Member who has been suspended or terminated by the Ethics Inquiry Board for cause. Sufficient cause can be a violation of the bylaws, policies or Code of Ethics. In a show-cause hearing, the member appears before the hearing board and has the opportunity to show cause why membership should not be suspended or terminated. In this particular case, the CPM Member did not disclose a 1983 felony conviction on the 2001 CPM application. Part of the CPM Member's defense was that IREM staff advised not to disclose a conviction over 10 years old.

The Board found the CPM Member had misrepresented information on the CPM application and voted to suspend membership for three years. A successful completion of the Ethics 800 course within six months is required. Failure to complete the Ethics 800 course within six months will result in the member's termination.

LANDING THE DEALS

Divaris Real Estate, Inc. in Virginia Beach, Va., which comprises Divaris Management Corp., AMO made the following business transactions:

- It leased 5,903 square feet of office space to Professional Software Engineering, Inc. at Windwood Centre in Virginia Beach, Va.
- It leased 3,946 square feet of office space to KBS, Inc. at Windwood Centre in Virginia Beach, Va.
- It renewed a lease for 2,991 square feet of office space with Hancock, Daniel, Johnson & Nagle, P.C. at One Columbus Center in Virginia Beach, Va.

C.B. Richard Ellis, AMO, made the following business transactions:

- It has been selected to exclusively lease Rockville Commerce Center, a 7,952 square foot industrial building in Rockville, Va.
- It has been selected to exclusively lease 730 Research Road, a 8,447 square foot retail building in Richmond, Va.

ON THE ROAD

JANUARY 22

Tulsa Chapter No. 10

Location: Tulsa, Okla.

Visiting Officer: Ron Goss, Secretary/Treasurer

FEBRUARY 11

Austin Chapter No. 61

Location: Austin, Texas

Visiting Officer: Lori Burger, Senior Vice President

FEBRUARY 12

Tulsa Chapter No. 48

Location: San Antonio, Texas

Visiting Officer: Lori Burger, Senior Vice President

FEBRUARY 19

Chapter Nos. 1, 3, 101

Location: Atlantic City, N.J.

Visiting Officer: Pam Monroe, President

FEBRUARY 27

Chicago Chapter No.23

Location: Chicago, Ill.

Visiting Officer: Pam Monroe, President

2009 IREM LEADERS

NEW IREM LEADERS TAKE THE HELM At the IREM 2008 fall business and governance meetings in Chicago, new officers and regional vice presidents were installed. They will spend the next year serving and getting to know members. Readers can take this opportunity to get to know them.

IREM OFFICER BIOGRAPHIES

PRESIDENT



Pamela W. Monroe, CPM® is vice president of operations at Community Realty Management, Inc., AMO®, Pleasantville, N.J. She has over 25 years of professional industry experience, managing multifamily housing.

She earned the CPM designation in 1985. Monroe was an IREM chapter president for two years in the late 1980s and began her national involvement in 1990, serving first as a regional vice president, then as a senior vice president, then most recently, as IREM secretary/treasurer.

PRESIDENT-ELECT



O. Randall Woodbury, CPM, serves as corporate secretary and vice president in charge of property management for the Woodbury Corporation.

Woodbury has served IREM on various committees, as a Regional Vice President and as a member of the Executive Committee. At the chapter level, he has served in many capacities including president of Utah Chapter No. 33 in 1992. He was honored by the chapter in 1993, 2000 and 2005 as its "CPM of the Year."

SECRETARY/TREASURER



Ronald L. Goss, CPM, is 2009 Secretary/Treasurer of IREM and a senior vice president of RPM Management Co., Inc., AMO. He also is senior vice president, a director and assistant secretary of RPM Management's parent company Rector

Phillips Morse, Inc.

Goss is a long-time member of IREM Arkansas Chapter No. 64 and has held numerous leadership positions with

the chapter, including that of president. In 1986, he was honored by the chapter as its "CPM of the Year."

RVP BIOGRAPHIES

REGION 1 VICE PRESIDENT



Melvin A. Cote, CPM, of West Hartford, Conn., serves as the 2008 and 2009 Regional Vice President for Region 1. During his two-year term, he has oversight for the activities of IREM chapters in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Cote is a property manager with Simons Real Estate Group in West Hartford, Conn.

Cote earned his CPM designation in 1992. He is a past president of IREM Connecticut Chapter No. 51, and currently serves on its executive council. Cote has also been a Governing Councilor and a member of the IREM Membership and Credentialing Committee.

REGION 2 VICE PRESIDENT



Jesse Holland, CPM, ARM®, of Albany, N.Y., serves as the 2009 and 2010 Regional Vice President for Region 2. During his two-year term, he will have oversight for the activities of IREM chapters in Delaware, New Jersey, New

York and Pennsylvania.

He is the founder and president of Sunrise Management & Consulting, AMO, in Albany.

Holland is concluding a three-year term as president of IREM New York Capital Region Chapter No. 93. Holland is also a licensed real estate broker in New York, New Jersey and Massachusetts. In addition to earning the CPM designation, he is certified as an assisted housing manager and a tax credit specialist.



REGION 3 VICE PRESIDENT

J. Todd Willett, CPM, of Richmond, Va., is serving as the 2009 and 2010 Regional Vice President for Region 3. During his two-year term, he has oversight for the six IREM chapters in Virginia, Maryland, and the District of Columbia.

Willett is the director of asset services with CB Richard Ellis of Virginia, AMO, and has 20 years of industry experience.

He has served as president of the executive council of IREM Virginia Tidewater Chapter No. 39 and president of IREM Northern Virginia Chapter No. 77. He earned the CPM designation in 1997.

REGION 4 VICE PRESIDENT



Brett Koutnik, CPM, of Alpharetta, Ga., serves as the 2008-2009 Regional Vice President for Region 4. During his term, he has oversight for the activities of the five IREM chapters in Florida and Georgia.

Koutnik currently is a senior property manager for Colonial Properties Trust in Atlanta. He has over 20 years of institutional asset and property management experience.

Mr. Koutnik earned the CPM designation in 1992. He served two terms as president of IREM Georgia Chapter No. 67 (then known as IREM's Atlanta chapter), was named the chapter's "CPM of the Year" in 2006, and was a member of IREM's national Governing Council for three years. Koutnik currently serves on the IREM faculty.

REGION 5 VICE PRESIDENT



R. Wayne Pierce, CPM, of Madison, Miss., serves as the 2009 and 2010 Regional Vice President for Region 5. During his two-year term, he will have oversight for the activities of the four IREM chapters in Alabama, Arkansas, Louisiana and Mississippi.

Pierce is president of the Heritage Properties, Inc. of Mississippi, AMO. He has been active in IREM Mississippi Chapter No. 80 since 1993 and earned the CPM designation in 1993. He has held numerous chapter leadership positions, including that of president, and has served on various IREM national committees.



REGION 6 VICE PRESIDENT

Sheila A. Austin, CPM, ARM, of Southfield, Mich., is serving as the 2009 and 2010 Regional Vice President for Region 3. During the two-year term, she has oversight for the activities of nine IREM chapters in Indiana, Kentucky, Michigan, Ohio and West Virginia.

Austin is the founder, owner and president of Wedgewood Property Management and Consulting, LLC.

Austin has served as president of IREM Michigan Chapter No. 5, and was honored by the chapter in 1998 as "CPM of the Year," and then again in 2002 with a "Special Recognition Award." She has served as an IREM Governing Councilor and as chair of the IREM Membership Committee and Ethics and Discipline Committee. Austin is a member of the IREM faculty.

REGION 7 VICE PRESIDENT



Rheta N. Williams, CPM, serves as the 2008 and 2009 Regional Vice President for Region 7. During her two-year term, she has oversight for the activities of IREM chapters in Oklahoma and Texas.

Williams is vice president and director of property management with Schlosser Development Corporation in Austin, Texas. She has over 20 years of commercial real estate experience.

Williams earned the CPM designation in 1999. She served as IREM Austin Chapter No. 61 chapter president in 2003 and was honored in 2006 as the chapter's "CPM of the Year."

REGION 8 VICE PRESIDENT



Donald B. Wilkerson, CPM, of Reno, Nev., serves as the 2008 and 2009 Regional Vice President for Region 8. During his term, he will have oversight for the activities of eight IREM chapters in Arizona, Colorado, Nevada, New Mexico and Utah.

Wilkerson is president and chief executive officer of Gaston and Wilkerson Management Group, AMO. He has served twice as IREM Northern Nevada/Tahoe Chapter No. 89 chapter president. In 2005, he was honored as the chapter's "CPM of the Year."



REGION 9 VICE PRESIDENT

Dale A. Nusbaum, CPM, of Park Ridge, Ill., serves as the 2008 and 2009 Regional Vice President for Region 9. During his two-year term, he has oversight for the activities of IREM chapters in Illinois, Minnesota and Wisconsin.

Nusbaum is President of Park Ridge-based McLennan Property Management Company, AMO.

Nusbaum earned the CPM designation in 1977. He served as IREM Chicago Chapter No. 23 chapter president in 1995. He also has held positions on IREM Minority Outreach, Legislative and Public Policy Committees.

REGION 10 VICE PRESIDENT



Henry B. Voges, Jr., CPM, St. Louis, serves as the 2008 and 2009 Regional Vice President for Region 10. During his two-year term, he has oversight for the activities of IREM chapters in Iowa, Kansas, Missouri, Nebraska, North Dakota and South Dakota.

Voges is senior vice president and group manager of Jones Lang LaSalle, St. Louis, and has more than 22 years of diverse commercial real estate experience.

Voges earned his CPM designation in 1991 and is a past president of the IREM St. Louis Chapter No. 11.

REGION 11 VICE PRESIDENT



J. Benjamin McGrew, CPM, of Sacramento Calif., will serve as the 2009 and 2010 Regional Vice President for Region 12. During his two-year term, he will have oversight for the activities of IREM chapters in California and Hawaii.

McGrew is president and majority shareholder of MANAGEWEST, Inc., in Sacramento, Calif., and a principal in Signature Equity Group, Inc..

McGrew earned his CPM designation in 1987. He served as IREM Sacramento Valley Chapter No. 22 chapter president in 2001, was named "CPM of the Year" in 2000 and again in 2004, and received its prestigious "Chapter Leadership Award" in 2007. McGrew also has served as chairman of the IREM Ethics and Discipline Committee and its Legislative and Public Policy Committee. He is a member of the Ethics and Discipline Committee and

the Ethics Appeal Board, and was elected to IREM's Governing Council to serve a term from 2008 to 2010.

REGION 12 VICE PRESIDENT



John Hatton, CPM, of Mercer Island, Wash., is serving as the 2009 and 2010 Regional Vice President for Region 12. During his two-year term, he has oversight for the activities of IREM chapters in Alaska, Idaho, Montana, Oregon, Washington and Wyoming.

Hatton is an executive with Legacy Partners Residential, Inc., AMO, and has 25 years of industry experience.

Hatton served as president of IREM Western Washington Chapter No. 27 in 2003.

REGION 13 VICE PRESIDENT



Connie Carpenter, CPM, is serving as the 2009 and 2010 Regional Vice President for Region 13. During her two-year term, she will have oversight for the activities of the seven IREM chapters in North Carolina, South Carolina and Tennessee.

Carpenter is a senior property manager and a licensed broker with Colliers Turley Martin Tucker, Nashville, AMO. She has served as president of Greater Nashville Chapter No. 71, and as a member of the IREM Governing Council. In 2007, she was honored as the chapter's "CPM of the Year."

REGION 14 VICE PRESIDENT



Mark Bell, CPM, ARM, serves as the 2009 and 2010 Regional Vice President for Region 14. During his two-year term, he will have oversight for the activities of the three IREM Canadian chapters.

Bell is regional manager for Regional Housing Operations, Southeast office, located in Yorkton, Saskatchewan, Canada. For the past 27 years, he has been associated with Saskatchewan's Housing Authority network.

Bell has served as chair of the IREM Canada Council.

Bell earned the ARM accreditation in 1986 and the CPM designation in 1993. He has served as a member of the IREM faculty since 1999. ■

SPEAKER PROMOTION

Become an IREM® Ambassador

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Best of all we will help you every step of the way to be effective, comfortable and enthusiastic about being an IREM speaking ambassador. For more information, contact IREM Public Relations Manager Sharon Peters via e-mail at speters@irem.org.

Join the ranks of the members listed below who have made presentations under the IREM banner over the past few years:

Madeleine E. Abel, CPM®, Rockville, Md.—presented at the Green + Design Conference
Shannon E. Alter, CPM, Santa Ana, Calif.—presented at International Facilities Management Association (IFMA) World Workplace Conference, the Building Owners and Managers Association's (BOMA) North American Real Estate Congress, and the National Facilities Management and Technology Show (NFM&T)
Mez R. Birdie, CPM, Maitland, Fla.—presented at the International Council of Shopping Center's (ICSC) Spring Convention
Natalie D. Brecher, CPM, Redondo Beach, Calif.—presented at IFMA's World Workplace Conference, the National Apartment Association Education Conference, and BOMA's North American Real Estate Congress
Lori E. Burger, CPM, Rohnert Park, Calif.—presented at Multi-Housing World

James H. Cantrell, CPM, San Francisco—presented at the National Facilities Management and Technology Show (NFM&T), and the Total Facilities Management (TFM) Show

Gail Duke, CPM, New York—presented at the Global Diversity Summit

Clay Dunning, CPM, Culver City, Calif.—presented at Facilities Midwest

Leonard I. Frenkil, Jr., CPM, Owings Mills, Md.—presented at the NFM&T Show

William F. (Bill) Goeke, CPM, Houston—presented at the ICSC Spring Convention

Linda L. Jackson, CPM, Dallas—presented at the ICSC Spring Convention

Jay T. Kacirk, CPM, Carlsbad, Calif.—presented at Multi-Housing World

J. Benjamin McGrew, CPM, Carmichael, Calif.—presented at the Commercial Real Estate Workouts, Turnarounds & REO Conference

Pamela W. Monroe, CPM, Pleasantville, N.Y.—presented at the NFM&T Show, and Multi-Housing World

Richard F. Muhlebach, CPM, Bellevue, Wash.—presented at the ICSC Spring Convention

Regina Mullins, CPM, Washington, D.C.—presented at the Conference on Mixed-Use Development

Frederick W. Prassas, CPM, La Crosse, Wisc.—presented at Multi-Housing World

Elizabeth R. Schreiber, CPM, Costa Mesa, Calif.—presented at the ICSC Spring Convention

Robin C. Stinson, CPM, Orlando, Fla.—has presented at the NFM&T Show, the Conference on Mixed-Use Development, and Multi-Housing World

Ramon J. Venero, CPM, Fairfax, Va.—presented at the Coldwell Banker Commercial Global Commercial Conference

William Whiteside, CPM, Phoenix—presented at the Conference on Mixed-Use Development

We thank all our speaking ambassadors and extend our appreciation for their time and effort on behalf of IREM. ■

KNOW YOUR CODE

BY JOY JAGIELLO, CPM®

KNOW YOUR IREM CODE OF PROFESSIONAL ETHICS Article 5: Relations with Other Members of the Profession

EARLY IN MY CAREER, I WAS GIVEN EXCELLENT ADVICE BY THE OWNER OF A REAL ESTATE FIRM. SHE TOLD ME "DON'T BURN ANY BRIDGES AS YOU NEVER KNOW WHEN YOU MAY NEED THAT PERSON DOWN THE ROAD."

This cliché aptly applies to how you conduct yourself with your peers. There can be many pitfalls you might encounter during your years in the industry. Knowing some of these situations and how you should react comes from experience, training and knowing right from wrong. Here are some hypothetical workplace situations:

SITUATION ONE John works in a real estate leasing office with you and has been working with a client for some time. The client sees a newspaper ad and comes to the office wanting to see the listed property. You take the client out because John is not in the office that day. The client buys the property. You feel you are entitled to the commission as you made the sale.

SITUATION TWO You notice that Susan always has a bunch of personal mail that she is putting through the stamp meter machine and you have seen her taking supplies from the office. Should you tell the office manager? This can be a difficult situation because you like Susan but you know she is cheating the company.

SITUATION THREE Ann's boss, Gary, is always touching or brushing up against her. He has subtly indicated that he could help her move up the ladder and would be willing to meet with her after work to help her brush up on her skills. Ann believes he is suggesting more than help and is unsure how to handle the situation. She needs her job but she has no interest in Gary.

SITUATION FOUR Whenever Jane eats lunch with Robyn, Robyn is always talking negatively about the black and Jewish workers in the company. Jane has observed Robyn treating one of the black workers harshly and piling work on her that others don't want to do. Jane sees a good case for discrimination by the worker against Robyn. She isn't certain what she should do because she wants to remain friends with Robyn and Robyn is also her superior.

SITUATION FIVE Dan has an excellent offer to take a position with another company making much more money. It would be "a feather in his cap" if Dan could take some of his companies' business with him. After all, these clients have been working with him for years and they would be much happier knowing he would still handle their accounts. Is Dan being fair to his present employer?

Most of these situations involve ethical behavior and could easily be solved by making sure the company you work for or perhaps own has a good employee manual which outlines expectations and policies along with frequent reinforcement and training for the employees. Many companies now have a diversity council, and frequent training and role playing, so employees understand discrimination, improper behavior in the workplace, stealing, accepting gifts, and employment policies. Many companies likewise have their employees sign a contract which discusses taking a client when someone leaves the company or how commissions are handled. If the company has a Human Resource Department, the employee should be made comfortable knowing they can go to this department or to their boss to discuss any situation without repercussions. ■

COURSE LISTINGS

JANUARY

| | | |
|--------|---------------|----------------------|
| ASM603 | January 15-16 | Pittsburgh |
| FIN402 | January 21-22 | Milwaukee |
| ETH800 | January 22 | Minneapolis |
| ASM603 | January 26-27 | Indianapolis |
| MNT402 | January 26-27 | Ft. Lauderdale, Fla. |
| ASM604 | January 28-29 | Indianapolis |
| FIN402 | January 28-29 | Ft. Lauderdale, Fla. |
| ASM605 | January 30 | Indianapolis |

FEBRUARY

| | | |
|--------|----------------|---------------------|
| CID201 | February 9-13 | Portland, Ore. |
| MNT402 | February 9-10 | Charlotte, N.C. |
| MPSAXM | February 9-12 | Scottsdale, Ariz. |
| RES201 | February 9-14 | Omaha, Neb. |
| RES201 | February 9-14 | Milwaukee |
| FIN402 | February 10-11 | San Antonio |
| FIN402 | February 11-12 | Charlotte, N.C. |
| MNT402 | February 11-12 | Minneapolis |
| FIN402 | February 12-13 | Kirkland, Wash. |
| FIN402 | February 12-13 | Austin, Texas |
| ETH800 | February 12 | Greensboro, N.C. |
| ETH800 | February 13 | San Diego |
| CPM001 | February 13 | Scottsdale, Ariz. |
| CPMEXM | February 13 | Scottsdale, Ariz. |
| ETH800 | February 18 | Atlantic City, N.J. |
| ASM604 | February 19-20 | Pittsburgh, Penn. |
| RES201 | February 19-28 | Dallas, Texas |
| ASM603 | February 23-24 | Las Vegas |
| FIN402 | February 23-24 | St. Louis |
| HRS402 | February 23-24 | San Francisco |

| | | |
|---------|----------------|-------------------|
| HRS402 | February 23-24 | Scottsdale, Ariz. |
| MKL406 | February 23-24 | Albuquerque, N.M. |
| RES201 | February 23-28 | Mobile, Ala. |
| ETH800 | February 23 | Atlanta |
| MKL405 | February 24-25 | Atlanta |
| ASM604 | February 25-26 | Las Vegas |
| HRS402 | February 25-26 | Milwaukee |
| HRS402 | February 25-26 | Albuquerque, N.M. |
| MKL405 | February 25-26 | San Francisco |
| MKL405 | February 25-26 | Scottsdale, Ariz. |
| MKL406 | February 25-26 | San Francisco |
| MKL406 | February 25-26 | Scottsdale, Ariz. |
| MNT402 | February 25-26 | St. Louis |
| ETH800 | February 25 | Detroit |
| HRS402 | February 26-27 | Atlanta |
| ASHM605 | February 27 | Las Vegas |

INTERNATIONAL

| | | |
|--------|----------------|--------------------|
| ASM603 | January 10-11 | Seoul, South Korea |
| ASM604 | January 13-17 | Seoul, South Korea |
| ASM605 | January 18 | Seoul, South Korea |
| ETH800 | January 31 | Seoul South Korea |
| CPM001 | February 1,3 | Seoul, South Korea |
| CPMEXM | February 5 | Seoul, South Korea |
| BDM602 | February 7-12 | Seoul, South Korea |
| ETH800 | February 10 | Kiev, Ukraine |
| REM001 | February 10 | Kiev, Ukraine |
| MNT402 | February 11-12 | Kiev, Ukraine |
| FIN402 | February 13-14 | Kiev, Ukraine |
| MPSAXM | February 14-15 | Seoul, South Korea |



FOR THE MOST UP-TO-DATE COURSE LISTINGS, PLEASE VISIT WWW.IREM.ORG/EDUCATION.

CORRECTIONS • On page 47 of the Nov/Dec 2008 article, "Revitalizing Vintage Buildings," Toni Harris was not credited with her ARM and CPM Candidate credentials. On that same page, the photo is misidentified as The Heatherington. The picture is of Sedgwick Gardens.

CAREER MOVES



MICHELE VELEZ, ASSOCIATE MEMBER, was recently appointed senior property manager for Taymil Partners in West Haven, Conn. Velez will oversee all aspects of six small properties in Connecticut.



KEN FONG, CPM®, general partner of Fong and Associates in Las Vegas, has been appointed to the Board of Directors of Nevada Pacific Bank. Nevada Pacific Bank is one of only two banks in the United States to be approved by the Federal Deposit

Insurance Corporation in 2008. Fong served as president of IREM Las Vegas Chapter No. 99 in 2004, which was awarded the "Chapter of the Year—Outstanding progress Award."



TOBIAS RIVERA, CPM, has been named regional manager of Pacific West Management in northern California. Rivera has more than 20 years of property management experience.

COURSE CODES KEY

- ARMEXM-ARM Certification Exam
- ASM603-Investment Real Estate Financing and Valuation - Part One
- ASM604-Investment Real Estate Financing and Valuation - Part Two
- ASM605-Investment Real Estate Financing and Valuation - Part Three
- BDM601-Maximizing Profit: Growth Strategies for Real Estate Management Companies
- BDM602-Property Management Plans: The IREM Model (international only)
- CPMEXM-CPM Certification Exam
- CPM001-CPM Certification Exam Preparation Seminar
- ETH800-Ethics for the Real Estate Manager
- EE800-Real Estate Professional Ethics (international only)
- FIN402-Investment Real Estate: Financial Tools
- HCPEXM-HCCP Exam
- HRS402-Human Resource Essentials for Real Estate Managers
- LTC401-Housing Credits: Compliance Challenges and Solutions
- MKL404-Marketing and Leasing: Retail Properties
- MKL405-Marketing and Leasing: Multifamily Properties
- MKL406-Marketing and Leasing: Office Buildings
- MNT402-Property Maintenance and Risk Management
- MPSAXM-Management Plan Skills Assessment
- RES201-Successful Site Management

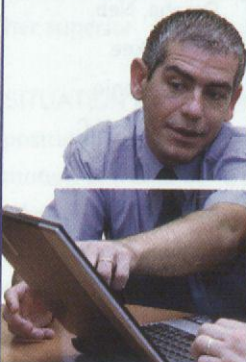
Take Control of Everyday Operations for Any Size Property

Maxwell Systems™ Colonial™ is a **leading business management software solution** for property managers and developers.

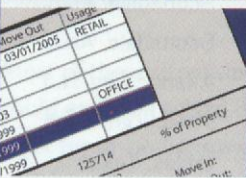
This comprehensive solution helps companies achieve operational efficiencies, cost reductions and increased profits with these key capabilities:



Property Management



Construction Management



Forecasting and Budget Management

For more information on Maxwell Systems Colonial, visit www.maxwellsystems.com or call 1-800-688-8226, press 1.



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AMO SPOTLIGHT



DALE NUSBAUM,
CPM EMERITUS

To earn the ACCREDITED MANAGEMENT ORGANIZATION® (AMO) designation from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM® in an executive position. AMO firms must meet high ethical standards and other stringent requirements, proving their value to the industry.

DALE NUSBAUM, CPM EMERITUS, IS PRESIDENT OF MCLENNAN PROPERTY MANAGEMENT COMPANY, AMO, IN PARK RIDGE, ILL., WHICH MANAGES COMMERCIAL, INDUSTRIAL AND RESIDENTIAL PROPERTIES, INCLUDING HOMEOWNER ASSOCIATIONS. He is responsible for the firm's operations and new business development.

Nusbaum currently serves as the IREM Region 9 Vice President. During his 2008-2009 term, he oversees activities of IREM Chapters in Illinois, Minnesota and Wisconsin. Nusbaum earned the CERTIFIED PROPERTY MANAGER (CPM) designation from IREM in 1977. Long active in IREM's Chicago Chapter No. 23, he served as chapter president in 1995. Nusbaum has also held positions on national IREM committees, including the Minority Outreach, Legislative and Public Policy Committees.

JPM talked to Nusbaum about his company and what the AMO accreditation means.

HOW DID YOU COME TO WORK FOR THE MCLENNAN PROPERTY MANAGEMENT COMPANY?

In 1973, I was fresh out of college with a high school

teaching degree. At that time there was a glut of teachers in the market and it was difficult to land a job, especially for someone without experience. My father was a resident janitorial custodian at the building our family resided in and I learned the basic skills necessary to repair and clean a building. McLennan managed the property my father maintained and I was made aware of an opportunity to be a repairman for various buildings they managed. I worked in that capacity for one year and an entry level property manager position opened up in 1974. I applied for the job, was accepted and my boss immediately signed me up for an IREM educational class in order to provide me with a working knowledge of sound property management principles. The company supported my learning endeavors and I proceeded to train for my CPM which I received in 1977. I have been with McLennan for 35 years, and its president and a partner in the firm for the last 23 years.

HOW HAS THE LONGEVITY AND EXPERIENCE OF MCLENNAN PROPERTY MANAGEMENT IMPACTED THE WAY THE COMPANY DOES BUSINESS?

McLennan Property Management Company celebrated

its 96th year in the real estate industry in 2008 and we are currently under the fourth generation of McLennan leadership today. As a closely held, family owned company, the family has been able to effectively operate the business consistent with the manner in which they were raised as children. Namely, with a very high degree of integrity, strong work ethic and uncompromised values.

WHAT ARE THE BENEFITS OF YOUR COMPANY BEING AMO ACCREDITED AND ASSOCIATED WITH IREM?

Being AMO accredited offers our company instant and unparalleled recognition as a "professional" in the property management arena. IREM has long been recognized as the organization that not only promotes excellence, but the one that gives its members the tool belt necessary to provide that same tradition of credibility for the benefit of their client's real estate investments.

WHAT TRENDS DO YOU THINK WILL AFFECT REAL ESTATE IN THE MIDWEST, AND YOUR COMPANY, IN THE NEXT FEW YEARS?

There is no doubt that we are living in a tough and challenging economic climate and that as a result, real estate investors will increasingly look to property management companies who position themselves with leading edge organizations like IREM. They want to be absolutely certain their properties are receiving the high level of care and attention they deserve. A partnership with IREM enables companies like ours to serve the clients we represent in a creative, professional and credible manner, while bringing value and meaning to their investments.



COMPANY HEADQUARTERS LOCATION

McLennan Property Management Company is headquartered in Park Ridge, Ill.

NUMBER OF EMPLOYEES 10

DATE THE COMPANY BECAME AN AMO FIRM

November 1, 1974

INTERNATIONAL NEWS

IREM Leaders Discuss Real Estate Practices On an International Stage

BY NANCYE KIRK, VICE PRESIDENT, STRATEGIC INITIATIVES

The financial crisis resulting from the subprime meltdown and its impact on the real estate management industry was the key topic of discussion this fall when IREM leaders participated in events in Brazil, Poland and Germany.

Speaking to an audience in Sao Paulo, Brazil, IREM President Pamela W. Monroe, CPM®, noted, "It is becoming evident in the investment real estate business that a new business model is slowly starting to evolve. The business model of the recent past was largely based on leveraging up performance in an almost-free-money lending environment. But that changed a year ago. Without leverage, the investment model no longer works, and sponsors can no longer deliver the returns they promised to investors."

Monroe added that the emerging model is based on a return to fundamentals such as increasing rents, minimizing operating expenses and driving up net operating income.

The Brazil conference, which took place September 23-26, 2008, was organized by SECOVI-SP, IREM's education partner in Brazil. At the conference Monroe met with the new leaders of IREM's Brazil Chapter No. 111, including Chapter President Fernanda Lisboa, CPM, ARM®.

Before leaving Brazil, Monroe had a meeting with Pedro Wahmann,



IREM PRESIDENT PAM MONROE PREPARES TO DELIVER A SPEECH TO AN AUDIENCE IN SAO PAULO, BRAZIL.

IREM PAST PRESIDENT REGGIE MULLINS, CPM, ENJOYS HER TIME IN THE OLD TOWN SQUARE IN WRACLAW, POLAND.

president of SECOVI-RIO, and members of his leadership team, in Rio de Janeiro. SECOVI-RIO is interested in forming a relationship with IREM to further advance the profession of real estate management in Brazil.

Immediate Past President Regina T. Mullins, CPM, delivered a similar message of getting back to fundamentals in her remarks at the annual conference of the Polish Federation of Property Management Associations (PFSZN) on October 3, 2008. Speaking in Wroclaw, Poland, Mullins said the world financial crisis and the sustainability movement have come together over the last 12 to 24 months, as demand for green building practices have increased in the wake of the economic downturn. Mullins said it is important to be ahead of the curve on major trends affecting the real estate industry and to get back to basics.

"We need to stay focused on the fundamentals of running our properties efficiently and effectively with a goal of enhancing value."

Mullins also expressed the need for property managers to differentiate themselves; to stand apart through service and quality in their market niches.

"Now more than ever, during challenging economic times, we need to demonstrate to our clients how professional real estate managers stand out above the rest and how we add value to their investments.

While in Wroclaw, Mullins also met with the leaders of IREM Poland Chapter No. 108, including Chapter



President Lydia Henclewska, CPM.

In October, IREM also participated as an exhibitor at ExpoReal, a major commercial real estate exposition that takes place annually in Munich, Germany. The economy was also the number one topic of conversation at the expo, with a session on the challenges facing the U.S. real estate market drawing a standing-room-only crowd.

In September 2008, IREM participated as a sponsor of ProEstate, a conference and tradeshow in St. Petersburg, Russia. Mullins, Monroe, and Past President Robert Toothaker, CPM, presented a high-level education session at ProEstate, where IREM also exhibited.

International expositions such as Russia's ProEstate and ExpoReal, which drew 42,000 attendees and exhibitors from 77 countries, provide an opportunity for IREM to connect with international partner organizations as well as promote the CPM designation to potential international members and the value of professional management to the global investor community.

IREM AROUND THE WORLD

IREM's Fall Business and Governance Meeting and Success Series 2008 attracted 80 international delegates from 11 countries to Chicago in October 2008. In addition to participating in regularly scheduled conference events, international attendees took part in specially planned tours of Trump Tower and Marina City and saw a presentation of the new Chicago Spire designed by Santiago Calatrava and now under construction.

IREM has two new chapters in Canada as a result of the IREM chapter council program. These new chapters are the London (Ontario) Chapter No. 113 and the Manitoba Chapter No. 114. They join three other IREM chapters in Canada: Quebec Chapter No. 37, British Columbia Chapter No. 50 and Edmonton Chapter No. 54.

IREM wrapped up a complete offering of CPM courses in December 2008 Johannesburg, South Africa, which attract-

ed 50 real estate practitioners. The South Africa program was funded by the International Real Property Foundation (IRPF) and the Services Sector Education and Training Agency (SSETA) in South Africa, with support provided by the Institute of Estate Agents of South Africa (IEASA).

The CPM program was launched in Shanghai, China, in October 2008 with 22 students participating in the first session. IREM's program in Shanghai is being delivered by Weston Real Estate Management Institute, a division of Brawman International Group. The full CPM curriculum will continue through May of 2009, when it is anticipated that a second session will be offered.

IREM continues to expand its pool of international faculty and MPSA graders, with new faculty being added in 2008 in Japan and South Korea and new graders from Canada, Japan and Ukraine having been trained.

JPM ARTICLES TRANSLATED FOR INTERNATIONAL MEMBERS

IREM translates one article from each issue of *Journal of Property Management* into multiple languages to serve our members throughout the world. You can find the translations of the article "Managing Properties in a Fast-Paced World," by Shannon Alter, CPM® from the November/December 2008 issue of *JPM*, on the foreign language pages of the Web at www.irem.org.



español (Spanish)

Si necesita traducciones del artículo "La administración de propiedades en un mundo acelerado", por "Shannon Alter", publicado en el número de noviembre/diciembre de 2008 del *JPM*, puede encontrarlas en las páginas de idiomas del sitio web del IREM, www.irem.org/international/spanish/intro.cfm.



français (French)

Vous trouverez une traduction de l'article « La gestion des propriétés dans un monde en constante évolution », par Shannon Alter tiré du numéro de novembre/décembre 2008 de JPM sur la page française du site Web de l'IREM à l'adresse: www.irem.org/international/french/index.cfm.



Русский (Russian)

Перевод на русский язык статьи "Управление недвижимостью в стремительном мире" (автор Шеннон Альтер) из выпуска Журнала по управлению недвижимостью (JPM) за ноябрь-декабрь 2008 года вы можете найти на русскоязычной странице интернет-сайта IREM по адресу: www.irem.org/international/russian/index.cfm.



wersja polska (Polish)

Polskie tłumaczenie artykułu „Jak zarządzać nieruchomościami nad Dajęc za pDdzęcym Dwiatem?” Shannon Alter z listopadowo-grudniowego wydania *JPM* (2008) znaleDę na polskich stronach internetowego serwisu IREM: www.irem.org/international/polish/index.cfm.



português (Portuguese)

Você pode encontrar a tradução do artigo "Gerenciando Propriedades num Mundo em Constante Mudanças" de Sharon Alter referente a edição de Novembro/Dezembro 2008 do *JPM* na página de idiomas do IREM www.irem.org/international/Portuguese/index.cfm. Gerenciando Propriedades num Mundo em Constante Mudanças



한국어/조선말 (Korean)

JPM 2008년 11/12월 호에 게재된 Shannon Alter 씨의 "급변 사회에서의 부동산 관리(Managing Properties in a Fast Paced World)" 기사를 IREM 웹 사이트, www.irem.org/international/korean/index.cfm 의 한국어 판에서 한국어로 검색하실 수 있습니다. www.irem.org/international/korean/index.cfm



日本語 (Japanese)

JPM 2008年 11-12月号のシャノン・オルター著、テンポの早い世の中における不動産管理 の日本語訳は、IREMウェブサイトwww.irem.org/international/japanese/index.cfm の日本語ページでご覧になれます。



中文 (Chinese)

进入IREM网站 www.irem.org/international/Chinese/index.cfm 的中文网页, 您可以在《资产管理期刊》(JPM)2008年11-12月号上找到“在一个迅变的世界里经营资产(作者:莎嫩·阿尔特尔)一文的中文翻译)



FOUNDATION NEWS

FOUNDATION SALUTES SCHOLARSHIP RECIPIENTS WHO HAVE EARNED IREM CREDENTIALS

DUE TO THE GENEROSITY OF IREM MEMBERS OVER THE YEARS, THE IREM FOUNDATION HAS BEEN ABLE TO ASSIST 122 SCHOLARSHIP RECIPIENTS WITH THEIR PROFESSIONAL DEVELOPMENT IN REAL ESTATE. Through the fall of 2008, this support has resulted in 16 individuals earning their **ACCREDITED RESIDENTIAL MANAGER® (ARM®)** certification. In addition, 41 recipients have

become **CERTIFIED PROPERTY MANAGERS® (CPMs)**. These individuals come from 34 chapters in 23 states across the country.

The IREM Foundation is proud to salute these members for their professional accomplishments. As the new Professional Development Grant Program grows with additional funding, the Foundation looks forward to seeing at least 100 Members earning their credential each year.



"IT HAS BEEN EXTREMELY HELPFUL TO RECEIVE THE IREM FOUNDATION MINORITY OUTREACH SCHOLARSHIP. THE FOUNDATION HELPED MAKE MY IREM EXPERIENCE REWARDING AND INCREASED MY CONFIDENCE AS A PROPERTY MANAGER. I AM CONFIDENT THAT MY IREM EDUCATION HAS PREPARED ME FOR THE PROPERTY MANAGEMENT ARENA."
—IRVING BLUE, CPM

CPM MEMBERS

| | | |
|--------------------------|----------------------|--------------------|
| Ronald Lopez | Shamsideen Gbadamosi | Brian Bednar |
| Rajendra B. Pershadsingh | Kim Hosea | |
| Lynne Miller-Benn | Yukie Meyers | ARM MEMBERS |
| Michael Browder | Jean Mersberger | Solis Nikki |
| Carnell Scruggs | Robert Hendricks | Barbara Taylor |
| Timothy Graver | Laura Collins | Pattes Axam |
| Keith Jones | Rosalind Rainge | Sonya Johnson |
| Claudia Gomila | Stacy Yu | Mitchell Gottlieb |
| Alfred Ojejinmi | Carla Pritchard | Kiersten Downing |
| Darleen Adens | Lisa Bowen | Joseph Tata |
| Jessica Gies | Kathy Lohr | Randy Grills |
| Melina Washburn | Mariola Medunic | Martha Koeller |
| Allen F. Richardson | Irving Blue | Debra A. Richards |
| Rene Sumter | Barry Familetto | Rachel Richardson |
| Batoun Herrington | Kirk Haskell | Susan C. King |
| Vera McPherson | Christine Heinen | Monica K. Bernuy |
| Beverly Bush | Jeffrey Bettinson | Sara Sutton |
| Larry Goldberg | Lora Norr | Sandy Galladian |
| Tammy Cox | Alfonso Trujillo | Christy Hughes |
| Jill Griggs | Cammie Allie | |

WWW.IREM.ORG/IREMFOUNDATION

FOR MORE ABOUT THE IREM FOUNDATION



TAKING OUT THE ELECTRONIC TRASH

IREM Member divulges methods for disposing of e-waste

MIKE MCCONNELL, CPM (MMCCONNELL-FL@EARTHLINK.NET), IS A PROPERTY MANAGER WITH COLONIAL PROPERTIES IN LAKE MARY, FLA. QUESTIONS REGARDING THIS ARTICLE CAN BE SENT TO MNASO@IREM.ORG.

IN A RECENT CONVERSATION WITH SOME PROPERTY MANAGEMENT PROFESSIONALS, ONE PERSON ASKED, "WHAT IS E-WASTE AND HOW DOES YOUR COMPANY HANDLE IT?"

I had an answer ready as my company has recently begun to address the e-waste issue by recycling ink jet and laser copier cartridges.

E-waste is the term used to reference electronic products nearing the end of their useful life, or obsolete electronics or products no longer wanted by the original owner. This can include computers, monitors, televisions, VCRs, copiers, fax machines, printers, video games, cell phones or rechargeable batteries. As the use of technology increases, e-waste is quickly becoming a worldwide problem. The Natural Resources Defense Council reports that in the United States about 130,000 computers are thrown out every day and over 100 million cell phones are discarded annually.

Fortunately, recycling in general is on the upswing and people are increasingly interested in reducing the amount of trash they contribute to the waste stream. This change in attitude toward recycling means property managers don't have to spend as much time convincing their tenants to participate in a good e-cycle program. They

can focus more on creating an awareness of what electronic products and components can be redirected out of the waste stream and provide some means for redirecting them.

The well known recycling mantra of Reduce, Reuse and Recycle doesn't just apply to the environmentally friendly disposal of paper and plastics; it also applies to electronics. Some studies show that, on average, people keep their computers three years and their cell phones two years or less. The frequency of electronics replacement means there is a great potential for reuse by others in need. There are numerous schools, churches and non-profit organizations that would appreciate a donation of serviceable computer equipment, as well as organizations that specialize in receiving the equipment, refurbishing it and directing it to a worthy organization.

It is important to know that many types of electronic equipment contain hazardous materials that can make recycling difficult and expensive. The cost to breakdown and separate the useful materials from an electronic component often exceeds the resale value of the salvaged material. Recently, I saw a program on *60 Minutes* where environmentally concerned citizens were taking their computer monitors to a

PLEDGE OF ALLEGIANCE

Vendors who have committed to standards that assure a high level of social and environmentally responsible e-cycling practices can be identified by their signature on the Electronic Recycler's Pledge of True Stewardship, a document created by the Basel Action Network (BAN), a global organization focused on confronting environmental injustice and economic inefficiency of toxic trade. You can find these companies by visiting www.ban.org.

well regarded recycling vendor. The vendor was then illegally shipping the monitors to China where peasant laborers stripped out the useful components and exposed themselves to lead and other heavy metal poisoning. Electronic components often contain various amounts of mercury, cadmium and lead, so it is important to choose a recycling vendor who is professional and qualified to deal with electronic waste.

An indispensable source for information and support on recycling of all types, including electronics, can be found at www.earth911.org. This site offers a comprehensive do-it-yourself manual for recycling in the workplace. If you did nothing else but send a link to this site to your tenants I bet there would be many who would implement some of the suggested recycling tips. Some of the e-cycle help found there is a directory of manufacturer and retailer take-back programs (many electronic manufacturers and retailers will 'take back' obsolete electronic equipment) and information on how to use them. You can search for e-cycle vendors, learn how to prep your equipment for recycling and learn about "Reconnect," a recent partnership between Dell Computers and Goodwill Industries that employs Goodwill's clients, while providing valuable e-cycling services to business clients. The Earth911 site also has a consumer section that addresses recycling at home.

You can also find excellent resources to guide and support your efforts to reduce the amount of e-waste that ends up in landfills. One of the best is the Rechargeable Batteries Recycling Corporation's (RBRC) Call2Recycle program for rechargeable batteries and used cell phones (www.rbrc.org). You may have seen their collection boxes at various national retailers such as Home Depot, Lowes, Best Buy, Office Depot, Sears and many retail stores. The RBRC collects phones and batteries, reclaims the useable materials from the batteries, and in the case of the phones, refurbishes and resells them. A por-

tion of the proceeds then go to various not-for-profit organizations.

The telecommunication industry sponsors an outstanding resource for information on e-cycling computers, televisions and other electronic equipment. Their Web site www.eiae.org has important e-cycling tips and a useful search feature that allows you to look for qualified e-cycling vendors organized by zip code.

The solid waste management division of many local municipalities offers e-cycling programs and invaluable assistance as well. For example, in my county, that division holds periodic e-cycling collection days and allows businesses to drop off, at no cost, a wide variety of electronic equipment. They also provide various informational brochures and make knowledgeable speakers available to business groups interested in e-cycling.

Another way for property managers to establish e-cycling at their properties is to use the help provided by support organizations. They can partner with the RBRC or similar groups and install collection boxes for spent batteries and used cell phones. They can sponsor e-waste collection days and offer tenants a free, convenient and environmentally friendly means to dispose of their old electronics. Managers can also implement an e-waste awareness program their tenants and give them the tools to implement their own e-cycling solutions.

There are many good reasons to begin e-cycling and there is a wide array of support resources available to anyone interested in e-cycling. My company has found that green management of electronic devices is both good for business and good for the environment. Today's "green movement" has made people sensitive to how their actions affect their business and the planet; they want to take action and reduce their impact. So get started now and lead a successful and sustainable e-cycling program.

SOUP TO NUTS

An important value in using a qualified "refurbisher" is that they will clean the hard drive and clear the computer of all personnel and proprietary information. A good source for help and support in donating computer equipment is www.techsoup.org. They provide tips for donating and help you find a refurbisher in your area.

WWW.IREMFIRST.ORG

FOR MORE INFORMATION ON SUSTAINABILITY

IREMFIRST

NEW PRODUCTS

SHOWER SAVINGS MADE SIMPLE The Cleveland Faucet Group (CFG) has introduced a new water saving showerhead, designed specifically for the multifamily market. The showerhead flows at a rate of 1.75 gallons per minute (gpm), offering a 30 percent water savings from the industry standard of 2.5 gpm. It also reduces energy costs as less hot water is used. CFG's new water saving showerheads feature a unique design that optimizes the spray pattern, preserving the water stream velocity of full-flow showerheads. The rubber spray former also makes it easy to wipe away hard mineral deposits on the showerhead, preserving a consistent spray pattern and extending its life. The



new water saving showerhead is available in popular chrome and LifeShine® brushed nickel finishes to coordinate with bathroom faucets and accessories. For more information, visit www.cfgonline.com.



ON THE RIGHT TRACK HandyTrac Key Control has released the latest version of its HandyTrac Online System—Generation 10. The new Gen 10 system is network based and does not require a dedicated phone line. The system allows for real-time reporting by plugging into a current High Speed/Broadband connection. Detailed reports can be accessed online. The patented HandyTrac Key Control System provides apartment, student and military housing clients with a secure, low cost key control and tracking system. To learn more about HandyTrac Key Control visit www.handytrac.com.

CLEAN MACHINE Hydro Systems' ICS 8900 Mobile Cleaning Unit is a self-contained portable system that offers touch-free cleaning and a reduction in energy consumption. The unit has a unique low-flow design that uses only a half gallon of cleaning solution per minute, eliminating the need for wet/dry-vac recovery and the handling of contaminated water. It also reduces the slip-and-fall risk. The ICS 8900 operates on a rechargeable, maintenance-free, recyclable battery that has an energy consumption rate less than one tenth the amount of a traditional cord and power outlet units. For more information, visit www.hydrosystemsco.com.



POLE POSITION The Tiger Pole by Advent Product Development is a specially designed wallpaper scoring tool with replaceable scoring wheels and an attachment that allows users to connect the unit to a pole. This device provides an easy and effective means of scoring high, hard-to-reach surfaces on a wall without the need of a ladder. The Tiger Pole reduces the risk of injuries by allowing users to complete wallpapering tasks from the security of the ground. The universal design of the product allows for assembly in seconds. For more information on the Tiger Pole visit www.adventproduct.net/21869/default.htm.

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CAN YOU TOP THIS?

Unbelievable or outrageous true stories about everyday experiences in property management

BY SUZANNE E. LEWIS, CPM®, ARM®
ILLUSTRATIONS BY JIMMY WATKINS

FANNING THE FLAMES



SUE LEWIS, CPM, ARM (SLEWISCPM@COMCAST.NET), HAS OVER 20 YEARS OF PROPERTY MANAGEMENT EXPERIENCE. CURRENTLY, SHE SERVES AS MEMBERSHIP ADMINISTRATOR FOR THE RENTAL HOUSING ASSOCIATION OF PUGET SOUND, WASH. ACTIVE IN IREM FOR 10 YEARS LEWIS IS ALSO THE 2008 IREM CHAPTER #27 PRESIDENT FOR WESTERN WASHINGTON AND THE NATIONAL CHAIR FOR THE JPM ADVISORY BOARD.

One of the more memorable resident situations I remember happened in the fall a few years ago. My maintenance supervisor received a call from a resident stating that his apartment had a small fire. The supervisor asked the resident if he had used the fire extinguisher available just outside the door and the resident said he had not. The resident shared that he didn't want to leave his apartment because he thought he should keep an eye on the flames.

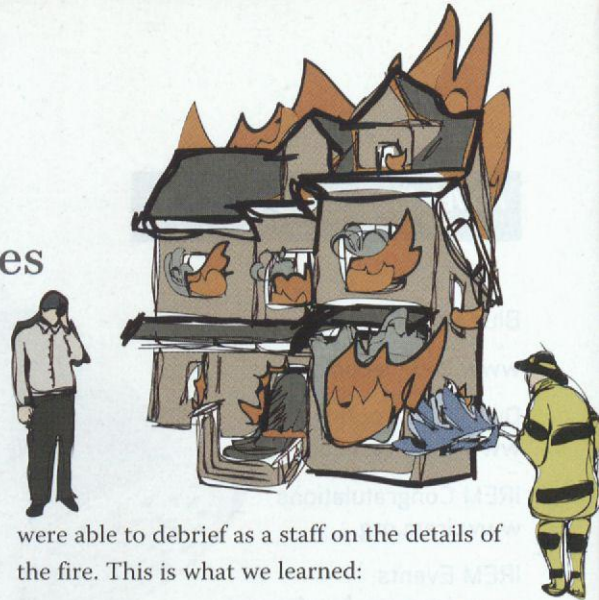
At this point my maintenance supervisor asked if the fire was out and was told, "No, it had just started."

The supervisor then asked the resident if he was still in the apartment and the resident replied, "Yes, I just told you I'm keeping my eyes on the flames."

My maintenance supervisor told the resident to leave the apartment immediately and to pull the fire alarm for the building. The resident next asked, "Won't you get charged if the fire department comes?"

Realizing he needed to take swift control, the supervisor called the local fire department and soon after called additional support staff to come help evacuate the building as soon as he saw how bad the fire was.

Once the fire department extinguished the fire and assured all individuals were safe, we



were able to debrief as a staff on the details of the fire. This is what we learned:

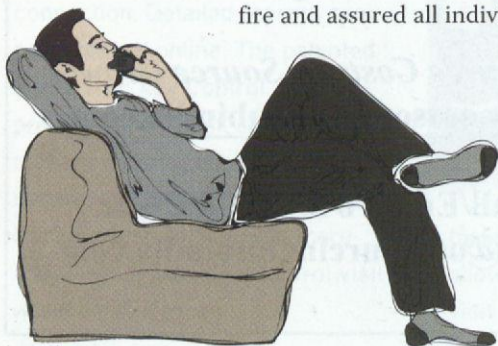
- The resident ignored the fireplace instructions and filled the insert with a combination of a couple of Presto logs and wood.
- The resident used an instant starter log, ignoring the rule against their use.
- The resident ignored the package instructions by placing the starter log under the grate box.
- When the house got too hot, the resident opened the windows and patio door to get cold air, and the breeze further fueled the flames.

Ultimately, the fireplace area got so hot it liquefied and started to burn the tile glue and areas under and around the fireplace. This then set the surrounding walls on fire. When questioned again about not calling the fire department, the resident further explained that he didn't call them because he was concerned that we would be charged for the call. He also reasoned that the maintenance supervisor

was closer to come put out the fire anyway.

Thankfully, the resident did have insurance and the several thousands of dollars in damage were covered. Unfortunately, the damage done to the neighbors' personal possessions were not.

>> THINK YOU CAN TOP THIS TALE? SEND YOUR TRUE PROPERTY MANAGEMENT STORIES TO MARKISAN NASO AT MNASO@IREM.ORG.





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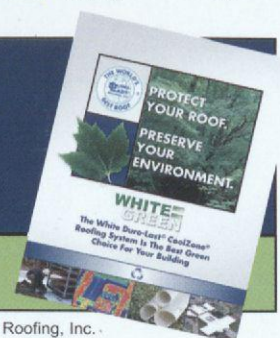
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