

# jpm<sup>®</sup>

**50** BEFORE AND AFTER  
DISASTER STRIKES:  
Are you prepared?



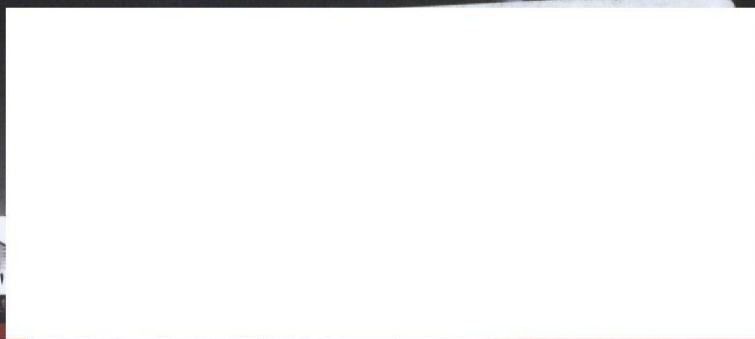
**44** FROM RESIDENT  
TO LANDLORD:  
Depreciating a Former  
Personal Residence

**14** Tips to Creating  
MARKETING MAGIC

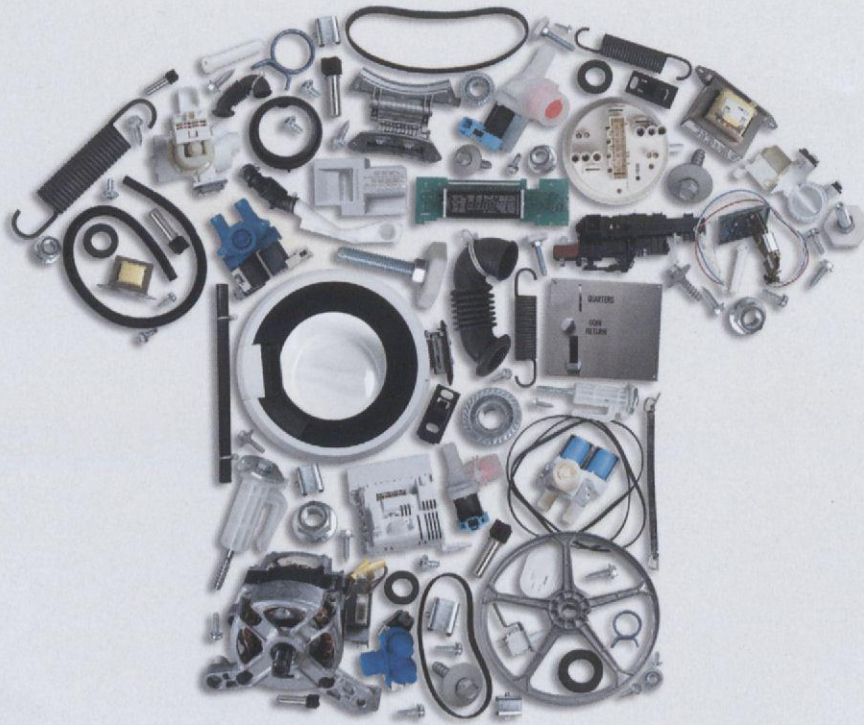
# 11 YEARS AFTER 9/11

P.26 RESIDENTIAL,  
COMMERCIAL  
TENANTS DEMAND  
HIGHER SECURITY

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**LEFT- OR RIGHT-BRAIN DOMINANT?**  
by David Ahn, CPM, CCIM, RPA

**LEFT- OR RIGHT-BRAIN DOMINANT?**  
Firms with Management and Leasing Linear One Foot Can be Both

In many ways, when under the same roof, a leasing broker and a property manager might be imagined as the right and left side of the brain.

The property manager—specializing in knowledge such as long-term physical field properties, details about sales figures in a retail center or activities of a major tenant planning improvements—serves as a center for processing data and as a valuable resource for intimate knowledge of ownership investment criteria.

The leasing broker, on the other hand, handles global information, such as which competitors are offering particular incentives, development and growth in the area, etc.

### 23

**TECHNOLOGY FOR NEW DIMENSIONS OF BUSINESS INTELLIGENCE AND COMMUNICATION**  
by Brad Setser, Vice President Yardi Systems Inc.

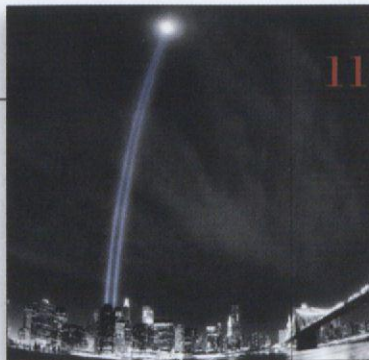
**TECHNOLOGY**  
FOR NEW DIMENSIONS OF BUSINESS INTELLIGENCE AND COMMUNICATION

YARDI Industry Partner

How does the "Internet" help to create new and powerful ways to connect and share information? How can it help to create new and powerful ways to connect and share information? How can it help to create new and powerful ways to connect and share information?

### 26

**11 YEARS AFTER 9/11**  
by Joseph Dobrian



**11 Years after 9/11**  
RESIDENTIAL, COMMERCIAL TENANTS DEMAND HIGHER SECURITY

In the decade since 9/11, property developers, owners and managers have dramatically altered their game plan regarding building security. No matter how you slice it, tenants are expected to adapt new and more stringent lease provisions when buildings lease to offer the latest security features if they're going to command high rents.

### 44

**FROM RESIDENT TO LANDLORD: DEPRECIATING A FORMER PERSONAL RESIDENCE**  
by Kristin Gunderson Hunt

**From Resident to Landlord: Depreciating a Former Personal Residence**

The combination of an economic recession, a mortgage crisis and an aging population has led to a large number of homeowners recently becoming landlords.

Whether due to a relocation for work, a transfer to an assisted living facility or family for economic considerations, homeowners who are unable to sell a former primary residence have turned to renting it. As property managers, you may have experienced an influx of first-time landlords wanting the most market or optimal solution about doing so. When converting a former personal residence to rental property there are some significant tax issues that should be covered. One of the most commonly misunderstood concepts is that of depreciation. As their current or potential property manager, your basic understanding of depreciation can be useful in helping owners achieve their rental objectives while meeting tax goals.



### 50

**BEFORE AND AFTER DISASTER STRIKES: DEVELOPING AN EMERGENCY PROCEDURES MANUAL, FOURTH EDITION**  
IREM Publications Excerpt

**BEFORE AND AFTER DISASTER STRIKES**  
DEVELOPING AN EMERGENCY PROCEDURES MANUAL, FOURTH EDITION

**[EXCERPT]**  
CHAPTER 2  
EMERGENCY PROCEDURES

A leading cause of property loss is the failure to have an emergency plan in place. This chapter provides a comprehensive guide to developing an emergency plan that addresses the unique needs of your property. It covers the importance of having a clear chain of command, the role of the property manager, and the need for regular drills and updates to the plan. The chapter also discusses the importance of having a communication plan in place to ensure that all stakeholders are kept informed during a disaster.

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MATCH YOUR NEEDS WITH A CLOUD SERVICE. CHECK OUT THE GRID IN THE "GADGETS" SECTION. [p. 41]

Provider	Strengths	Weaknesses
Amazon	Scalability, Reliability	Complex pricing, Limited support
Microsoft	Integration with Office, Security	Higher costs, Limited flexibility
Google	Easy to use, Free services	Limited storage, Less control
Dropbox	Simple interface, Syncing	Not for large-scale business
Office 365	Productivity suite, Collaboration	Subscription cost, Limited storage
iCloud	Seamless integration with Apple devices	Limited storage, Less control

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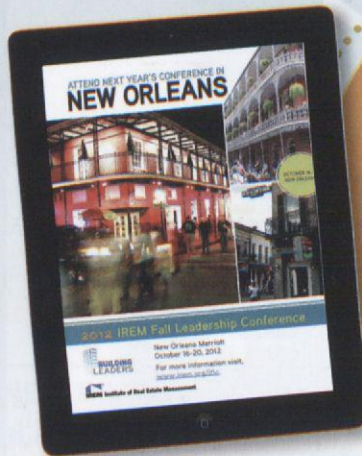
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## We Want to Hear From YOU!

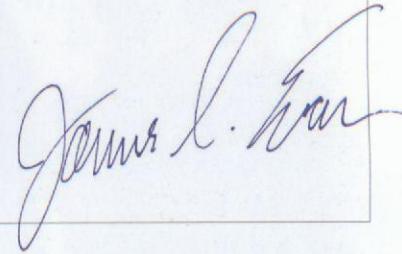
- WHAT DO YOU THINK ABOUT THIS ISSUE?
- WHAT'S YOUR FAVORITE SECTION?
- HAVE A STORY TO TELL?

JPM® WANTS TO HEAR FROM YOU!



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PHOTOGRAPH © ALEX LEVIN/IREM



## [re]Building from Transitions

**A**t first glance, it might be easy to say this issue of *JPM*® is disaster themed, but that's not entirely true. In fact, it might be better to argue that this issue is all about transitions. Whether we're changing the way we think as an adaptation or rebuilding after disaster strikes, transition—adaptation—is a huge part of making progress.

A transition might be as simple as learning to think through a work process a new way, adapting a new tactic to help solve a puzzle. From a property management perspective, we explore that in **"Left or Right-Brain Dominant?"** (p. 16) a discussion of how moving management and leasing aspects of a firm under one roof can help a management company think differently, becoming more agile and competitive.

Retraining your brain and thought process is often required when transitioning into a new position. Given the recent economic turbulence, many homeowners are becoming first-time landlords. In **"From Resident to Landlord: Depreciating a Former Personal Residence"** (p. 44) we gain insight into some of the tactics new landlords can pick up from established property managers, learning some of the pitfalls that arise when we start thinking about depreciation on a converted asset.

Nowhere is the theme of transition more prevalent or poignant than in this issue's **"Eleven Years After 9/11"** feature (p. 26), where we explore the incredible and innovative lengths that property managers in Manhattan have taken to redefine security in the decade after 9/11. The changes these professionals have overseen make this a must-read as we see a shift toward security through preparedness.

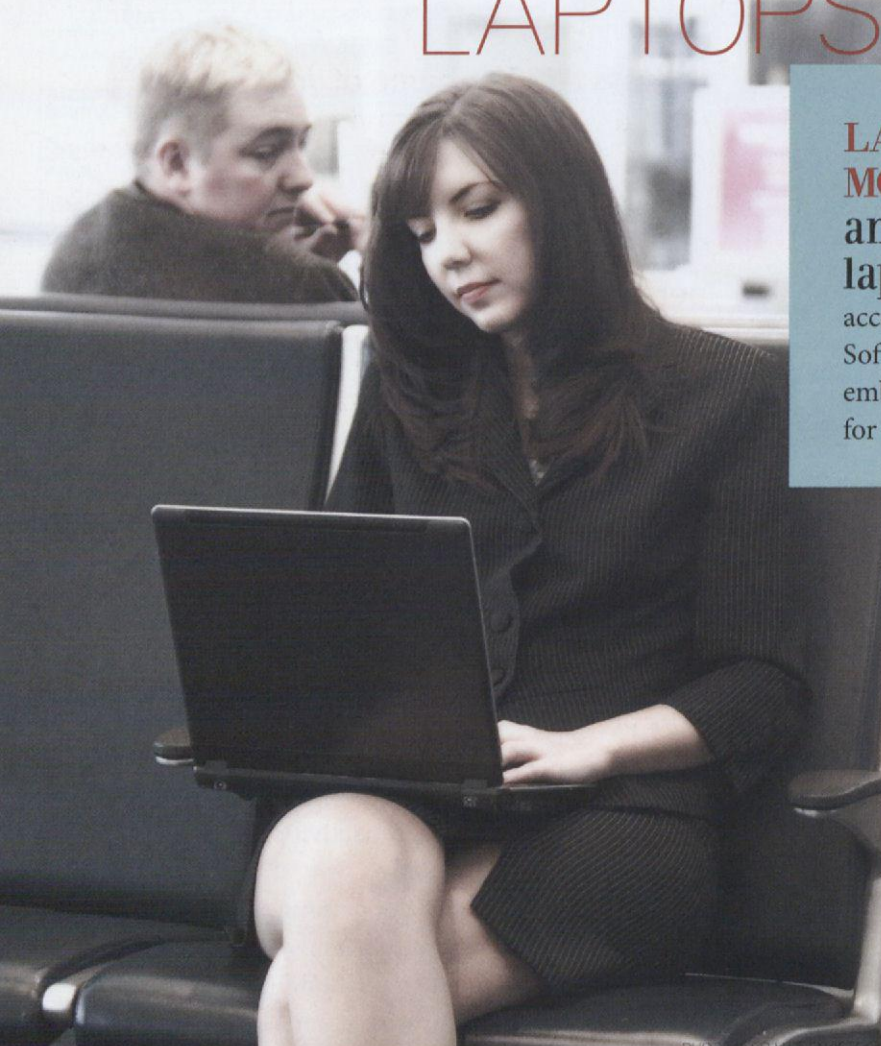
Read the special  
feature, "Eleven  
Years After 9/11"  
on page 26.

Finally, we invite you to read an excerpt of **"Before and After Disaster Strikes: Developing an Emergency Procedures Manual"** (p. 50). Disasters are unpredictable. It's not always possible to be fully prepared, but, as we see in our 9/11 feature, transitioning from a mindset of reactivity to proactivity can make all the difference.

There's something in the air in September and October that screams "Transition." A new school year. The start of a new sports season. Whatever transitions you're making, take a moment to reflect on what they can teach you. ■



# WANDERING LAPTOPS



## LAPTOP USERS SHOULD BE MORE AWARE IN CHICAGO and a host of other cities where laptop theft is pervasive,

according to a new report from Absolute Software, a company offering firmware-embedded, endpoint security and management for computers and ultra-portable devices.

The report ranks the top cities in the United States and abroad for laptop theft. The data in the report is compiled from 13,818 theft investigations conducted in 2011.

“We know that computer theft is not unique to any particular geography or socioeconomic category,” said John Livingston, Absolute’s chairman and chief executive officer, in the report. “It’s often a crime of opportunity and it will occur whenever the opportunity presents itself. Whether it is a case of corporate espionage or a mislaid laptop.” ■



### Top 5 U.S. Cities for Laptop Theft



Chicago  
Houston  
Detroit  
Los Angeles  
Boston

### Top 5 U.S. Airports for Laptop Theft



ATL-Atlanta  
MIA-Miami  
ORD-Chicago  
MCO-Orlando  
SFO-San Francisco

### Top 5 Theft Areas in Airports



Luggage/storage area: 29 percent  
Terminal/boarding area: 22 percent  
Other: 19 percent  
Plane: 18 percent  
Check in/Security area: 12 percent



# ROSE-COLORED GLASSES



**O**ptimism is increasing among commercial real estate professionals for the second half of 2012, according to the mid-year update to the annual *Emerging Trends in Real Estate* report by PricewaterhouseCoopers (PwC) and Urban Land Institute (ULI).

In the original report, released in October 2011, those surveyed projected unpredictable growth in “a slowing, grind-it-out economic recovery.” In May, PwC and ULI interviewed 195 of the more than 950 original respondents, comprised of investors, developers, property company representatives, lenders, brokers and consultants.

The mid-year update revealed that respondents are projecting better results than originally expected for real estate company profits, investment markets and financing for the second half of the 2012. They said they anticipated commercial real estate companies’ profits to increase more than 7.5 percent from the original survey forecast. ■

## SOUNDBITES

“Always end the name of your child with a vowel, so that when you yell the name will carry.”

—BILL COSBY

“Leadership is not a magnetic personality—that can just as well be a glib tongue. It is not ‘making friends and influencing people’—that is flattery. Leadership is lifting a person’s vision to high sights, the raising of a person’s performance to a higher standard, the building of a personality beyond its normal limitations.”

—PETER DRUCKER

“The Internet is just a world passing notes around a classroom.”

—JON STEWART

“Just because something doesn’t do what you planned it to do doesn’t mean it’s useless.”

—THOMAS EDISON

“You can’t blame gravity for falling in love.”

—ALBERT EINSTEIN

“The greatest use of life is to spend it on something that will outlast it.”

—WILLIAM JAMES

“Great minds have purposes. Little minds have wishes.”

—WASHINGTON IRVING

“You don’t have to see the whole staircase, just the first step.”

—MARTIN LUTHER KING

# BRAZIL IS RETAIL HOTSPOT

**B**razil continues to shine as a retail hotspot, ranking first out of the top 30 countries for retail development worldwide for the second year in a row, according to the A.T. Kearney Global Retail Development Index.

Brazil's growing middle class economy, high consumption rates, large urban population and reduced political and financial risk have propelled it to the top. Further, specialty retailers are drawn to the country's relatively young population and high per capita spending in the apparel and luxury sectors.

Other contenders in the ranking included Georgia (#6), Oman (#8), Mongolia (#9), Azerbaijan (#17) and Botswana (#20)—demonstrating “steadily developing countries in the Sub-Sahara Africa region could emerge as favorable retail markets in coming years,” according to the Index. ■



Other contenders in the ranking included:

- Georgia (#6),
- Oman (#8),
- Mongolia (#9),
- Azerbaijan (#17)
- Botswana (#20)

## BOOMERS: “Encore Entrepreneurs”



**T**he U.S. Small Business Administration (SBA) and AARP have joined forces to provide counseling and training to entrepreneurs over the age of 50, who want to start or grow a small business, according to an SBA news release.

“No matter what your age, if you have an idea or a business that's ready to move to the next level, the SBA wants to make sure you have access to the tools you need to start and grow,” said SBA Administrator Karen Mills in the news release.

SBA has launched a dedicated web page for older entrepreneurs to help them understand their readiness for starting a business, as well as help with business planning, shaping a winning business idea, professional counseling, financial services and finding local resources. SBA and AARP also will jointly develop and host a customized online course, self-assessment and webinar series for older entrepreneurs.

“Many baby boomers are working beyond retirement age and choosing to stay active and engaged in the workforce,” said Mills. For many older entrepreneurs, starting a small business can be an opportunity to transform a lifetime hobby or interest or years of professional experience into a lucrative line of work. ■



## IN THE EVENT OF AN EMERGENCY OR EVACUATION, DO YOU THINK USING SOCIAL MEDIA IS AN ACCEPTABLE OR RELIABLE SOURCE OF COMMUNICATION?"



STEPHANIE BURG-BROWN, MBA, CPM, CRS  
REALTOR, BROKER/OWNER  
NEXTAGE DIAMOND REALTY  
PHILADELPHIA

I believe social media can be a valuable resource for situational awareness and emergency or evacuation notification during and after a disaster. It can be a reliable source of communication as more people are using Smartphones and other mobile devices to quickly access the information they need.

As we've seen in the last decade, information technology can save lives in a crisis. But even as data access becomes more crucial to rescue efforts, key information like evacuation routes, shelter locations and weather alerts often remains inaccessible to the public. Time is of the essence in the wake of a disaster, and it's critical for emergency information to be available in open formats to enable instant communication among first responders and affected persons.

In the past few years, social media has been used to publish eyewitness accounts after a disaster. **Twitter was one of the first sources of eyewitness information during the Mumbai terror attacks in 2008.**

Just last year, Hurricane Irene became the first natural disaster where the official agencies made concentrated use of social media to spread information about disaster awareness and preparation.

Communication and collaboration are key in a crisis. Information isn't worth anything unless people are taking that information, adapting it, consulting it and getting it to the people who need it.

**FAST FACT:  
THE NATIONAL  
WEATHER  
SERVICE BEGAN  
ROLLING OUT  
WEATHER AND  
EMERGENCY  
ADVISORIES VIA  
TEXT MESSAGE  
THIS YEAR.**

DEBBIE MISTICK, CPM, CCM  
VICE-PRESIDENT  
CIRCUMSPEX, LLC  
PITTSBURGH



The use of social media during an emergency or evacuation is not only acceptable, it's essential. Especially during an event where traditional communication methods are stressed or unavailable, social media outlets such as Facebook and Twitter can communicate news quickly and effectively. Text messaging is also a critical tool for communicating during such an event.

During a presentation about events following the earthquake in Haiti, FEMA administrator Crag Fugate repeatedly described the use of text messaging to locate individuals who were trapped or in need of help before any government response was available.

"All of the sudden, we started getting things we'd never seen before," said Fugate, "People trying to text, [use] social media, e-mail, 'I'm stuck. I'm trapped. I need help.'"

In an area such as Haiti, where neither centralized government nor 911 system was available, text messaging and social media were critical resources employed in rescue efforts.

In a study exploring how people used Twitter during the 2011 nuclear disaster in Japan, Dr. Andrew Binder found that Twitter doesn't change what we communicate, but certainly increases the speed at which we do it. During the critical hours following an event, that speed can be a life and death difference.

These are extreme examples of enormous disaster areas, but the effective use of social media in these situations speaks volumes for how well it will work for even a routine property evacuation.

**Property managers should embrace the use of social media in their evacuation and emergency response plans, and take advantage of this important tool.** Certainly, we all want to use every available method to protect people and property. Social media is an important tool in this effort. ■



## DOWNLOAD ME

### ANY.DO

In the battle of getting things done, shouldn't managing the actual list be the easiest thing about the to-do list? Any.DO lets you set reminders without having to type anything. No drilling down through menus, no hunt and pecking at your phone. Just pull down and speak—Any.DO handles the rest.

### ITRANSLATE VOICE

What if talking to your phone could help you communicate with someone in another language? iTranslate Voice does just that. Tap the microphone button and speak. The app transcribes what you said and translates it into English, Spanish, French, German, Italian, Japanese and others. You can even look up and share translations.

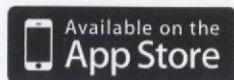


### FIND MY IPHONE

Lose your iPhone? Pinpoint its location on a map with Find My iPhone. You can also prompt the device to play a shrill tone, display messages or remotely lock and wipe the device. Have an iPad, iPod touch or a Mac? Find My iPhone handles those devices, too.

### AIRBNB

Need to get away? What if you could stay in a two-story tree house made of glass or a certified English castle? Individuals all over the world can list rooms to rent for the night or a week to travelers from all over the world. Browse locations by city or throw a dart at the wall, Airbnb creates an adventure.



## FAST FACTS

Totaled up, approximately 75 acres of PIZZA are eaten in the U.S. each day.



There are as many CHICKENS on the planet as there are humans.



In 1985, COCA-COLA became the first soft drink ever to be taken into space.



Italy has more ELEVATORS than any other country. There are more than 900,000 installed.



The English "GEYSER" takes its name from Iceland's Great Geysir in Haukadalur.

BUBBLE GUM is pink because it was the only color the inventor of the first successful brand had on hand.

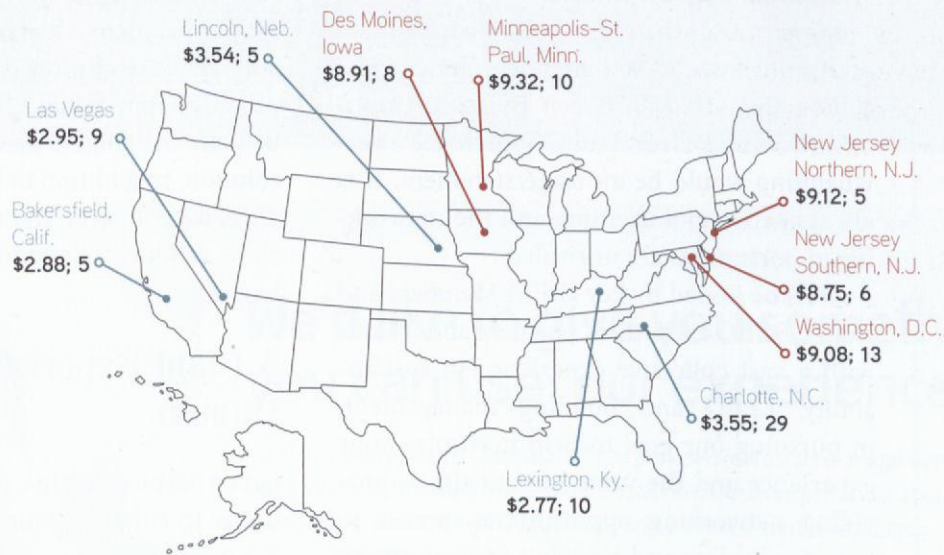


Next to bees, BUTTERFLIES are the second largest group of pollinators.



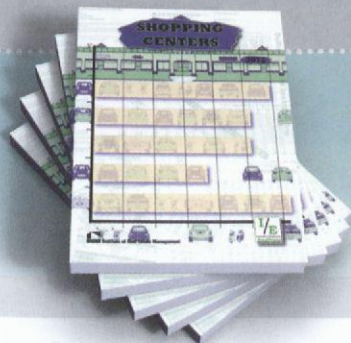
# Top 5 HIGHEST AND LOWEST Total All Expenses (TAE) for Shopping Centers

Highest and Lowest TAE\* for  
Metro Shopping Centers  
[Listed by median and sample size]  
■ Highest; ■ Lowest



\*Minimum sample of 5

Shopping center data is available in Metro, Regional, and National reports. Additionally, Income/Expense Analysis data is available for four other property types: Conventional Apartments; Office Buildings; Federally Assisted Apartments; and Condominiums, Coops and PUDs.



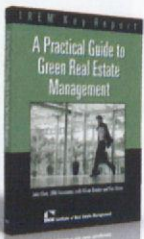
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## GREEN SCENE GOES LIVE AT GREENBUILD Make the Most of Your Greenbuild Experience



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This year, you, as an IREM Member, have a unique opportunity to make the most of the Greenbuild experience by joining IREM CEO Russell Salzman, Nick Stolatis, IREM Member and TIAA-CREF's director of global sustainability and enterprise initiatives and myself as we team up to be your conference guides to the event taking place in San Francisco from November 14 to 16.

We've discussed many aspects of sustainability in the Green Scene column as we continually try to provide additional ways to achieve greater operational excellence. This November presents an opportunity to bring it all together in a friends-and-family-style gathering with fellow IREM members.

With more than 150 sessions planned and more than 30,000 attendees anticipated, calling the 11<sup>th</sup> U.S. Green Building Council's (USGBC) Greenbuild Conference overwhelming would be an understatement. It is always active and exciting, and the networking opportunities are unrivaled.

We'll be joined by key IREM Members and staff, USGBC executives, partners and friends with a vast collective experience in sustainability, LEED and building management, in pursuing our goal to help maximize your experience and the value of your time—providing networking opportunities, access to industry leaders and bringing focused clarity to the pandemonium of the conference. We will act as your compass, providing direction, identifying key sessions and enabling you to get the most out of the event.

### Come Together, Build a Better Experience

In addition to joining you at various sessions, our group will carve out time to personally meet with you, review strategies discussed in the sessions and map out a plan of how we can apply these strategies in your properties. We'll

get together for meals and events that will advance your readiness and learning. By pooling our knowledge and experience, we will provide insights and guidance to make the conference much more meaningful.

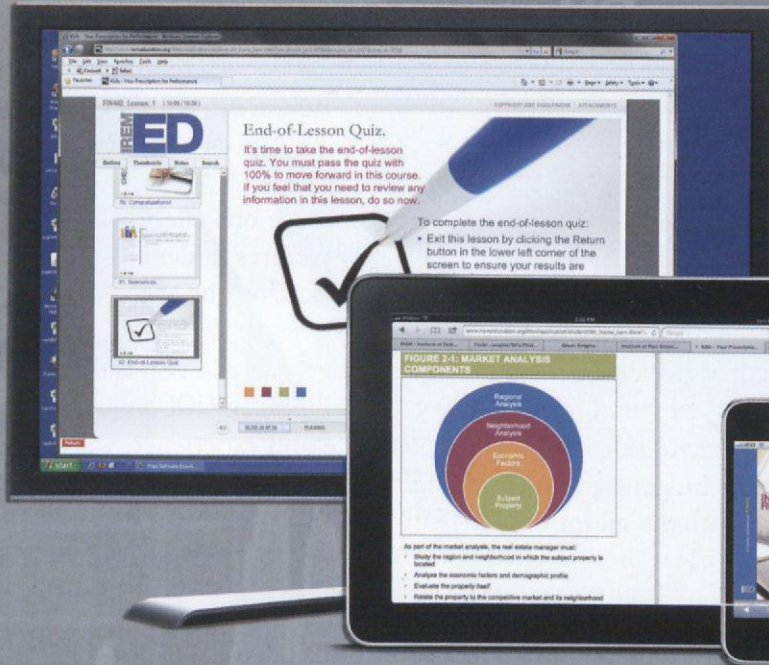
We will assist and give personal consultation on particular concerns relative to your properties such as budgeting strategies, value-add analyses, timing of improvements and practical approaches to pass-throughs. Bring us your challenges; we can help link you to a solution. In addition to leveraging our experience, we will steer you to sessions and trade-show vendors that address your specific challenges.

### A Giant Experience, Made Human

Green Scene going live presents a great opportunity to enhance your professional development and individual resources, growing your sustainability vocabulary, broadening your understanding of how environmental performance overlaps with financial performance and providing a wealth of techniques, strategies and tactics with the potential to increase your market share.

Most importantly, banding together as a group will be *fun*. It will scale the enormity of the conference into human size, reducing the stress of trying to find the most valuable sessions. After this year's Greenbuild, our IREM family will return home with fresh ideas, new friends and a better plan. ■

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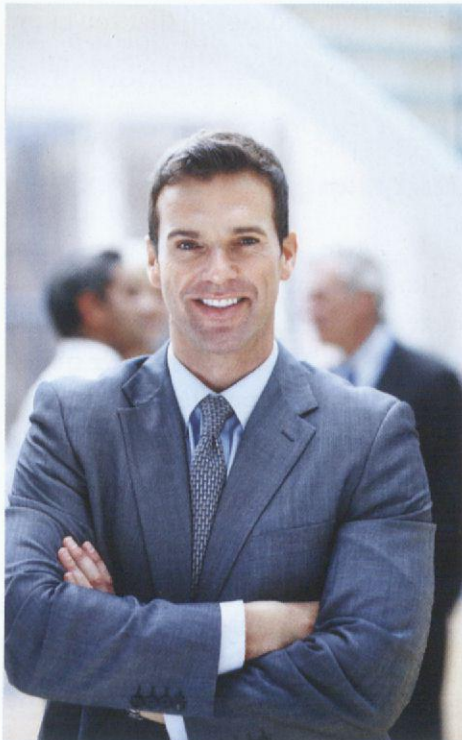
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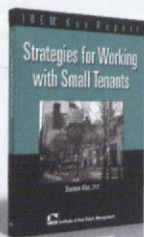
# MAGIC TO DO: 3 Tips to Create Marketing Magic

“We’ve got magic to do, just for you.”

—“Magic to Do” from the musical *Pippin*



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MS. ALTER IS ALSO THE AUTHOR OF STRATEGIES FOR WORKING WITH SMALL TENANTS.

AVAILABLE AT [IREMBOOKS.ORG](http://IREMBOOKS.ORG)

I’ve discovered the secret question. Not long ago, I was fortunate enough to stay at a Four Seasons Resort Hotel. Before I even had both feet out of the car, the doorman set the tone for my visit: “Miss Alter, welcome to the Four Seasons.”

How on earth did he know my name? If you’ve ever had the experience of staying at a five-star property, you know what I mean: it’s magic.

It’s crucial to tackle the real question first when you’re looking for tactics to market your property into a five-star experience: Why you? Why should a tenant sign a lease for your building? What will persuade an owner to hire your firm?

If you want to create marketing magic, here are three simple tips I’ve learned from the best.

## 1. Target the experience

How will you turn a prospect into a tenant? Think about how hotels turn guests into returning customers: they don’t merely manage that guest’s experience, they target it from the start.

When my daughter was little, I used to bring her with me on weekend property visits. First we’d drive around the property, just to get a picture of the whole thing. We’re all busy—the trick is to try taking in the entire picture first. What’s your impression of the property and of the space? What do you want it to be? Consider the impressions first-time visitors will have.

Tenants need our help visualizing what

they can do. I have one client who uses before-and-after pictures to demonstrate how a space could look. Don’t be afraid to use your imagination.

## 2. Be relentlessly consistent

I’ve been hearing from a fair number of clients who want to expand their third-party management business that their challenge is determining how to market it. Think about what your company delivers and how you do what you do. This is one area where repetition and consistency are crucial.

Our clients and tenants want to know that you know your stuff; that you’ve done it before and can do it again; and (again) that you know your stuff.

## 3. Understand the value of your people

If you’re like Four Seasons, you know that it all comes down to your team. They’ve discovered the real secret; their key competitive difference is their people. Don’t skimp when it comes to finding the right people. Take your time. Make sure they have the equipment and tools needed to create the excellent experience you want to deliver. I once had a general manager who made it

a point to be in his high-rise building lobby every morning to greet tenants as they arrived for work. Try it; it’s a great start.

So bring on the fairy dust, you’ve got magic to create. ■

Make sure they have the equipment and tools needed to create the excellent experience you want to deliver.





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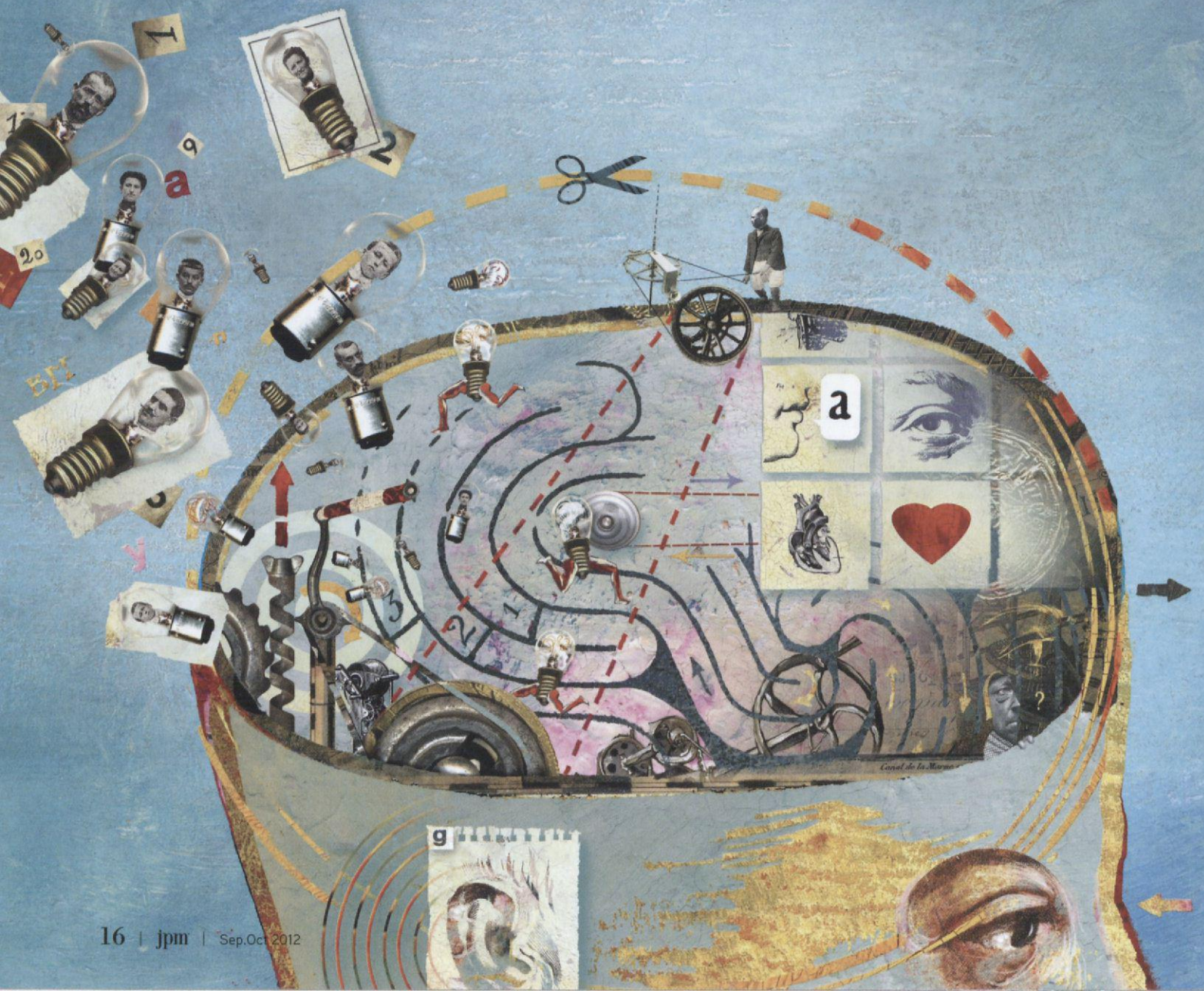
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# LEFT- OR RIGHT- BRAIN DOMINANT?

Firms with Management and Leasing  
Under One Roof Can be Both

BY DAVID AHN, CPM, CCIM, RPA



In many ways, when under the same roof, a leasing broker and a property manager might be imagined as the **right and left side of the brain.**

**The property manager**—specializing in knowledge such as long-term privately held properties, details about sales figures in a retail center or activities of a major tenant planning improvements—**serves as a center for processing data** and as a valuable resource for intimate knowledge of ownership investment criteria.

**The leasing broker**, on the other hand, handles global information, such as which competitors are offering particular incentives, development and growth in the area, etc.



**R**eal estate firms handling both the management and leasing of a property hear it time after time from owners, asset managers or anyone outside of our industry: “You only want both sides because you will make more money.”

While it is true that a firm awarded both management and leasing of a property will earn more than if they were only earning either management fees or leasing commissions, what is often missed is the fact that having one firm handling both aspects improves services to the property, reduces costs and may ultimately be better for the property, its occupants and the owner. Bringing operations under one roof increases the quality of communication within the firm, bolstering core operations and the bottom line.

### **ANOTHER SET OF EYES AND EARS**

A property manager’s role is to carefully and correctly care for a real estate asset, including managing the physical aspects of the building, caring for the tenants’ needs and ensuring that financial obligations are met. Property managers are intimately familiar with each property, knowing every physical detail and dollars in income and expenses. What they may not be as intimately familiar with, however, is the larger marketplace around them. Experienced leasing brokers working closely with the management team can supplement the property manager’s efforts with an additional set of eyes and ears attuned to the larger marketplace around them.

Consider the standard Americans with Disability Act (ADA) compliance clauses in most lease templates. A lease may require a landlord to maintain the common areas in compliance with current ADA regulations, which a tenant, the tenant’s representative and the landlord’s broker may consider innocuous and obvious. But the landlord’s broker may not be aware that the property is not required to comply with the most current ADA regulations whether because of age, use, waiver, hardship or any other reason.

A property manager may not be aware of how prospective tenants view the property, compared to similar properties in the area.

If this fact has never been conveyed to the broker or the property manager is not given the opportunity to review and affect the lease before execution, the landlord may be responsible for capital costs that could have been avoided, or even subject to default in the possibility that there are physical limitations barring complete compliance. ADA compliance is only one example of many situations which include exclusivity rights, tenant improvement allowances, physical limitations to a property, preferred tenant mixes, usage and others.

A property manager’s role is to carefully and correctly care for a real estate asset, including managing the physical aspects of the building, caring for tenants’ needs and ensuring that financial obligations are met.



In many ways, when under the same roof, a leasing broker and a property manager might be imagined as the right and left side of the brain.

## A PARTNER, AN ALLY, A BAROMETER

A property manager may not be aware of how prospective tenants view the property, compared to similar properties in the area. Often, these are conversations and perspectives that the leasing broker is attuned to, but may not think to share with the property manager unless they're working together. Working in the same office takes this potential partnership to a new level, given the benefits of sharing this type of information in an open, transparent setting.

This partnership helps create a competitive edge. For example, if a competitor was performing a green retrofit by installing a new lighting system, instituting a more aggressive recycling plan and low-usage water appliances in a nearby office project, a property manager may never know without the eyes and ears of a leasing broker who is familiar with what amenities, services and renovations competitors are making to retain existing and attract new tenants.

This sort of relationship is symbiotic: leasing brokers can benefit from the insight property managers provide when marketing a subject property. Since brokers may not be aware of the intimate details of what makes a property unique, property managers provide details that may facilitate filling vacancies with new tenants and maintaining existing tenants by pointing out where projects like retrofits or other scheduled upgrades can be made.

Speaking from personal experience as a CPM, I insist on reviewing any lease that affects properties under my care *before* it is executed. This affords me the opportunity to weigh-in on the particulars of a lease that may have

been overlooked. Over the years, I have affected positive changes to nearly every aspect of a lease at some time or another, giving consideration to a particular property, owner or other circumstance that may have been missed that otherwise would have negatively impacted the asset. These efforts are enhanced when partnering with brokers in my own office, who are encouraged to share information and market insights daily, and who are ultimately aligned in our efforts to work in the long term best interest of the property owner. ■

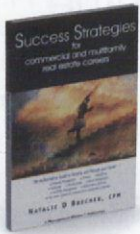


DAVID AHN, CPM, CCIM, RPA, ([DAHN@MEIREALTY.COM](mailto:DAHN@MEIREALTY.COM)) IS VICE PRESIDENT OF ASSET MANAGEMENT FOR MEI REAL ESTATE SERVICES IN LOS ANGELES, CA

## Latin Lessons: Admitting Fault Can Save the Day



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AVAILABLE AT IREMBOOKS.ORG.

Recently, I've spent a lot of time sorting out complications due to people's mistakes and the cover-ups they've endeavored to hide them, resulting in delayed resolutions and wounded relationships.

In one instance, my pharmacy arbitrarily changed my insurance carrier in its records, insisting that I provided a new name and account number.

Never did the pharmacy hint at the possibility that data might have been entered into its computer incorrectly. Because it would not admit error, I spent hours working with three businesses to sort it out, recovering lost funds and putting things back on track. In spite of the inconvenience, there are lessons that can be learned from these kinds of scenarios.

### *Errare Humanum Est*

*To err is human.* A non-perfect world is not new. Roman philosopher Seneca (the Younger) is given attribution for the Latin phrase, "Errare humanum est, sed in errare perseverare diabolicum." In English this translates as "To err is human, but to persist in error is diabolical." Seneca's message here is that while we cannot truly be perfect, to hold firm in error or out of pride will likely aggravate a situation.

Be kind to yourself and others and acknowledge humankind is not perfect.

We constrain ourselves when we strive for perfection. Thinking we can be perfect is flawed thinking. Here's a scary thought for perfectionists: expecting perfection is a sign of imperfection. This isn't to say we shouldn't strive for excellence and set high goals for accuracy. It's when mistakes aren't accepted,

self-proclaimed and corrected that we get into trouble.

### *Veritas Vos Liberabit*

*The truth will make you free.* It is liberating and timesaving to admit, "I made a mistake," and then quickly move to the correction phase. Nevertheless, admitting a mistake can be difficult. Herbert V. Prochnow highlighted this with, "To err may be human, but to admit it isn't."

Imagine the problems if an employee, fearful of the penalties of admitting a mistake, hides a problem and time compounds the negative consequences until the fix is far more complicated and time-consuming than it would have been if the mistake had been announced straight away. For example, contrast a custodian who breaks a tenant's vase, comes forward and the tenant is reimbursed, with a custodian who sweeps the broken vase away to cover it up and the resulting difficulties of satisfying the tenant.

The truth, while not always easy, is always easier than the alternative.

### *Res Non Verba*

*Deeds, not words.* Our actions produce the ultimate result. Ideally, the pharmacy would have said, "Sorry. It seems we entered that incorrectly. We'll fix it." My client would have said, "We sent that out too soon. We'll look at how to help prevent the same problem in the future." In both cases, problems would be solved, relationships saved.

Be kind to yourself and others and acknowledge humankind is not perfect. Allow your employees the ability to admit mistakes without penalty. Then, let's give our customers, tenants, employees and bosses the gift of our admission of fault. ■



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## ADA Compliancy Required!

New regulations affect your signage in commercial facilities as well as state and local government buildings.

New ADA regulations will soon take effect. SIGNARAMA can help facility owners and managers begin the process of being compliant before the deadline in order to meet regulations and to better serve your tenants and their clients.



### What do you need to know about signage updates?

There is a lot of paper work to thumb through to get a handle on the new regulations in order to become ADA compliant. But, we've done the leg work for you! Here's what you need to know right now.

- **Mounting location and height** - Signs must be installed on the wall adjacent to the latch side of the door or the nearest adjacent wall. Mounting heights are 60 inches above the finish floor to the centerline of the sign.
- **Finish and contrast** - When choosing colors and finish for your signage, go with a matte or other non-glare finish. Signage characters must contrast with their background with a minimum contrast of 70% allowing for clear visibility.
- **Raised and brailled characters** - New regulations require characters to be raised a minimum of 1/32 inches, upper case, sans serif or simple serif type and should be accompanied with Grade 2 Braille. Raised characters shall be at least 5/8 inches high, but no higher than 2 inches.

Information provided by: [access-board.gov](http://access-board.gov).

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# VENDOR VIEWS

Two years ago, in the May/June 2010 issue of *JPM*®, we discussed the issue of property managers requesting discounts from vendors. We agreed that this was happening, and that most likely we would see more of the same in years to come.



LINDA JACKSON, CPM, (LINDA@TEXASROOF.COM) IS DIRECTOR OF BUSINESS DEVELOPMENT AT TEXAS ROOF MANAGEMENT IN RICHARDSON, TEXAS.

**T**he property manager's responsibility is to delve into all of the factors when choosing vendors, and pricing certainly is one. As property managers negotiate services with vendors and contractors, the IREM Pledge and Code of Professional Ethics guides their actions.

Let's take a moment to see what our vendors say about this issue. What is happening now regarding discounts? Have things changed? If so, has it changed for better or worse?

## Are clients asking or pressuring for a special discount or deal?

When we last explored the issue, property managers were almost evenly split between "Yes, we do," and "No, we don't ask for discounts." At the time, the majority of vendors said that they were being asked for discounts more often than in years past, and most felt it would likely stay that way in the future.

As property managers negotiate services with vendors and contractors, the IREM Pledge and Code of Professional Ethics guides their actions.

They were correct. A recent survey of vendors found that the majority of managers do ask for a discount or ask that we sharpen our pencils—and certainly more so now than in past years. So, vendors are asked more often than not, but that's what property managers are supposed to do, right? Provided they ask, rather than demand?

## How were vendors asked for discounts in 2010?

According to vendors polled, the majority of property managers always made a *request*. These were the folks who let the vendor know that they must collect a certain number of bids, and thus, hoped the vendor could help out. When standard competitive forces are in play, such as in the bid process, virtually all vendors were certainly okay with being asked for a good price.

Those who *demand*ed discounts were less likely to be accommodated. Vendors said they felt that a price-based relationship was really no relationship at all, as this type of customer would likely jump on the next ship offering a lower price and sail away.

And has all that changed in the past two years? How are vendors being asked for a discount today? Every polled vendor said that they were being asked. No demands, just requests.

In the current economic climate, property management is left to overcome any and all of a property's financial challenges, and to engineer the best value and service for the properties entrusted to them.

Bottom line, requesting discounts should be done with good business practices and our IREM Pledge and Code of Professional Ethics ever at the forefront. Add to that a large dose of professional courtesy, and we have succeeded in maintaining a professional property management-vendor relationship with everyone involved well served. ■



# TECHNOLOGY

## FOR NEW DIMENSIONS OF BUSINESS INTELLIGENCE AND COMMUNICATION

BY BRAD SETSER, VICE PRESIDENT, YARDI SYSTEMS INC.

Yardi Orion™ for SharePoint® is designed to integrate user and property security, entity hierarchies and attributes, and document access between SharePoint and Yardi's property management system. By using out of the box data warehouse and cubes, it leverages the property management system's operational, financial and ancillary data to produce a complete picture of the business. This includes business intelligence dashboards, analytics and key performance indicators that utilize SharePoint's dashboard and reporting toolsets and enable interactive and predictive charts, graphs and analyses.

### UNIVERSAL ACCESS

Orion also includes portals and website tools that provide a secure way for dashboards and reports to be delivered to both employees and outside stakeholders. Typically, only about 30 percent of employees in most property management organization are licensed to use the core property management system. Orion exposes—in a secure, controlled way—enterprise-wide documents, dashboards, property abstracts, tenant contact information, etc. to the remaining 70 percent of the employee population.

### SYNCHRONIZED SECURITY

The Orion framework is the key, enabling security to be synchronized between the property management system and SharePoint. It also allows site collections and document libraries to be auto-generated from the property and entity hierarchies in the property management system. The result is that the real estate manager is able to overcome the interfacing problem with a turnkey solution, resulting in ensured security, efficient sharing of data between systems, and a remarkably faster SharePoint deployment.

This ability to synchronize represents a safe, efficient way to share documents and vital business information with authorized users both inside and outside a company. Documents can be loaded in bulk or individually into SharePoint libraries and securely accessed either from the property management system or from SharePoint. Packages of executed lease documents can be scanned and automatically routed to the correct folder while attaching the appropriate metadata tags from property management data. New document library folders can be automatically created when new leases, properties, jobs, contacts and other items are added. Employee portals can provide access for human resources documents and such corporate communications vehicles as blogs, news sites and property sites. Marketing

and service request portals with out-of-the-box functionality can also be embedded in SharePoint, allowing users to easily control their use, content and access.

It's reasonable to expect other property management providers to create their own frameworks that will integrate SharePoint with their core business systems. If one accepts SharePoint as a best practice, it seems clear that part of that practice would involve enabling SharePoint to interoperate with property management, investment management and accounting systems throughout the industry. There's a compelling business case for any real estate management system that can easily leverage SharePoint's capabilities in such a fashion. ■



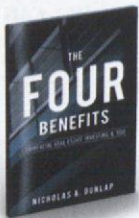
BRAD SETSER  
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YARDI.COM) IS  
VICE PRESIDENT  
OF MARKETING FOR  
YARDI SYSTEMS.

# ORGANIZED CHAOS:

## EFFECTIVE DISASTER PREPAREDNESS PLANNING



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MR. DUNLAP IS ALSO THE AUTHOR OF *THE FOUR BENEFITS*.

AVAILABLE AT [IREMBOOKS.ORG](http://IREMBOOKS.ORG).

For more info on disaster preparedness, check out the excerpt from the IREM publication, *Before and After Disaster Strikes, Fourth Edition*, on page 50.

Few businesses are more personal than real estate. We provide a professional service to meet a personal need—the home someone returns to after a long day, the office space from which someone launches their business or even the retail space in which they buy their groceries. Our interpersonal communication skills help us succeed and serve. So what happens when the service or space we provide is compromised by a disaster? When must we focus not just on our customers, but also on ourselves?

The possibility of a disaster makes it imperative to take precautionary measures, planning out and communicating the necessary actions with our customers. While you cannot prevent disasters from happening, you do have total control over your prevention and response approach.

### BY THE TIME YOU HEAR THE SIRENS, IT'S ALREADY TOO LATE

When an earthquake, tsunami, tornado or other unforeseen action impacts your building, it's too late to educate your tenants on how to help themselves. Assess your property now. Establish an exit plan and make tenants aware of the utility shut-off valves that they can access. While you're at it, give them a flashlight as a token of your appreciation. Empowering your tenants with helpful information ahead of time will help make them more cognizant of potential disasters and how to respond to them.

As a manager, be sure and follow the weekly, monthly and yearly safety policies and procedures that you have set up with your building engineer or maintenance technician. Check the smoke and carbon monoxide detectors, fire alarms, fire extinguishers, sprinkler systems, building communication systems and other key systems that are relevant to the operation of your building. During a disaster, you may lose power. Be sure your generators are poised to function properly and that any

battery-operated appliances will continue to function.

### SAFE AND SOUND THROUGH STRATEGY

Start at the problem, assume the worst and then work backwards.

As managers, we excel in researching and planning solutions and then carrying out a plan. Be sure to utilize all of your resources in preparing your disaster awareness plan. Depending on your location, the local fire department is generally happy to come out and consult with you, free of charge, on how to optimize your building for evacuation or service in case of an emergency.

You can then continue your strategy talks with your city's building engineer or planning department as well. Communities come together in times of crisis, but under far different circumstances. Do yourself a favor and contact them ahead of time.

Finally, consult your insurance carrier and request their input or recommendations. It is not uncommon for insurance carriers to provide a discount to property owners who have established an emergency preparedness policy, so be sure to ask your carrier. Disaster planning can go a long way. Afterward, should a disaster strike, just remember to keep a cool, level head and continue to approach the situation from the same service-oriented position a manager always should. ■

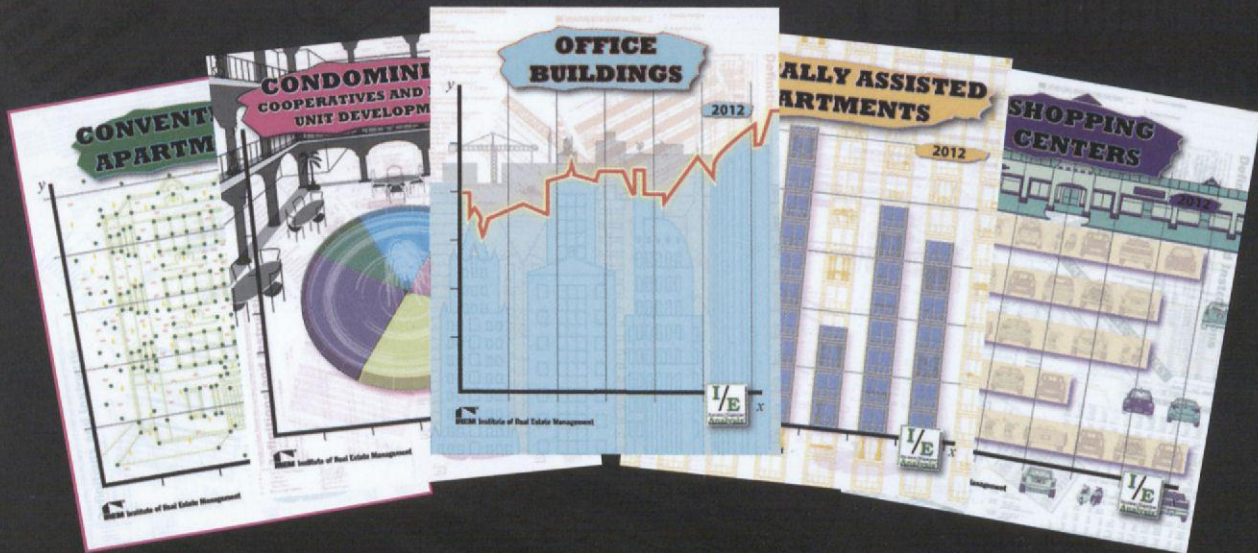
Bottom line:

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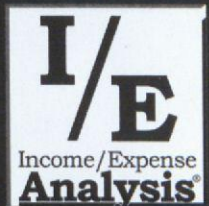


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11

# Years after 9/11

RESIDENTIAL,  
COMMERCIAL TENANTS  
DEMAND HIGHER  
SECURITY

By Joseph Dobrian

In the decade since 9/11, property developers, owners and managers have dramatically upped their game with regard to building security. No matter how unlikely it might appear that a building could be invaded or attacked, managers are expected to adopt new and more stringent best practices—new buildings have to offer the latest security features if they're going to command high rents.

This attitude isn't restricted to the area around Ground Zero. In any urban market, the more luxurious a residential or commercial property is, the more secure it will likely be, with more modern equipment and better-trained staff. Fortunately, according to managers and suppliers recently contacted by *JPM*®, higher levels of security are not difficult or expensive to achieve.

"Increased awareness is obviously the rule of the day for all concierges, doormen and security guards," said Jeffrey Klarfeld, CPM, senior property manager at Penmark Management in New York City. "Although we have not increased staff for this

purpose—the economy and scaled-down budgets being the concern—many buildings have added cameras to the closed-circuit security system, and in many cases the system itself had to be expanded to include multiple screens."

"In addition, we've sent many of our building superintendents and resident managers to training classes, including the 10-week course given by the NYC CERT program."

The Community Emergency Response Team (NYC CERT) program raises awareness about emergencies and disasters and provides basic response skills needed for fire safety, light search and rescue, disaster medical operations and traffic control. After graduating, teams support their local communities by assisting with emergency education and response.

## REDEFINING SECURITY

"The definition of building security has changed since 9/11," said Michael Berenson, president of AKAM Associates, a New York City-based company that manages

commercial and residential buildings in New York and Florida. "It used to just be a matter of not letting unauthorized people into the building. Now, we have to make sure all buildings have emergency disaster plans and circulate them to the building's board and all tenants. Every new tenant gets a copy of the plan. We've had the FBI hold training sessions for our managers."

"We approach every building we handle as though it were adjacent to the World Trade Center," said AKAM's CEO, Leslie Kaminoff. "We can't think of any building as a second- or third-class property that's not likely to be hit. You have to not only have safety and evacuation programs in place; you also have to have repetitious training for your staff, every six to nine months. You have to have disaster plans for each building and know what to expect. You have to designate people to man the stairwells in case of an evacuation; you have to know who will go door-to-door to make sure people are getting out. You need demographic information so you know which tenants are elderly, immobile or need to bring medication with them."

Berenson noted that surveillance cameras are easy to install in existing buildings. So are phone trees that are set up to call, text or e-mail tenants immediately in case of disaster. The local police precinct will be glad to examine the building and its perimeter, make recommendations and meet with tenants to discuss security. Making private security personnel more accountable is also important.

"Before 9/11," he said, "if you had a large property spread out over 50 acres, you'd have a guy in a golf cart and you'd hope he was driving around. Today, he has to punch in and out at various points on the property so you know he's roaming."

"Luxury accomplishes security," said Jason Gross, CEO of New York City-based Construction and Security Installations (CSI). "If you're choosing between two apartments, renting for the same number,

"You have to get the best people and pay them well. You have to make building security a real job, to create less turnover."

—RALPH BLASI

you'll probably go for the one with better security, like a camera showing you who's at the door. Tenants and owners want features such as keyfob access to laundry rooms, fitness centers and the roof garden."

## THE VIRTUAL DOORMAN

Gross said that one of the most popular high-tech features for residential buildings today is the virtual doorman, which provides efficient surveillance of multiple buildings from a central location. It's especially suitable for small luxury buildings of no more than 60 doors, he added.

"Using this system, when a visitor buzzes the main entrance, the call goes to our central station," he said. "From there, we can open the door and watch the person walk into the building. If he tries to enter an unauthorized area, we can say, via loudspeaker, 'You're going the wrong way; turn around!'"

"You could use a utility room as your package room, where there'd be a refrigerator to hold food deliveries, a bar on which to hand dry cleaning, and so on; our people would guide visitors there via cameras and microphones, and tell them where to leave their packages."

For larger apartment buildings that have a concierge desk, a touchscreen system is available that will connect directly to each tenant's home, cell and office phones, and contain the names of that tenant's housekeeper, dog-walker and other service people. The building's vendors can also be plugged into that system.

"A tenant can log in and change her information," Gross said, "in case she's using a different dog-walker one week, or if she's hosting a big party she can enter her guest list, so that the concierge doesn't have to call up to her apartment each time someone arrives. That system can be installed for less than \$7,000 and can handle hundreds of apartments."

"Increased awareness is obviously the rule of the day for all concierges, doormen and security guards."

-JEFFREY KLARFELD, CPM



PHOTO © DAN HALLMAN / GETTY IMAGES

## PROTECTING VULNERABLE AREAS

A priority for any building's security system, said Gross, is protection of the HVAC system, which means protection of the roof.

"You can infect a building in minutes through the HVAC," he warned. "We put motion detectors all around that system; infrared beams that are tripped whenever someone walks through them."

"We've also proposed an outdoor flame detection system that will announce a roof fire immediately. Even a spark from a cigarette lighter will notify the concierge or a central station. We've just started pitching this to our customers."

A camera surveying the street is a must, Gross added, as well as cameras on the garbage area, boiler room, laundry room, rooftop, bulkhead door, mailbox area, inside the elevators, lobby, front door and fitness center.

"I can't tell you how many videos we've seen of people in front of a building looking both ways, then falling on the ice on purpose," he said.

Access control, via key cards, should follow the camera line, Gross said.

"You can always duplicate a key," he said. "But if you have these access controls, if you see on camera that an unauthorized person is using that card, you can disable the card."

## EMERGENCY PREPARATION

Ralph Blasi, vice president and national director of security for Brookfield Office Properties in New York City, helped to create an evacuation plan for the World Financial Center jointly with the New York City's Office of Emergency Management (OEM) in 1998. That plan led to the safe evacuation of more than 40,000 people on September 11, 2001. As a result of 9/11, he said, security experts have become more cognizant of the need to

plan for emergencies that affect the entire neighborhood.

"You need to know what your neighboring buildings will be doing in emergency situations; for example, where they would stage if they had to evacuate," he said. "The public sector has also mandated plans for 'sheltering in place,' that is, relocation within a building in the case of an emergency, such as an active shooter."

Building perimeters, said Blasi, are now protected with bollards—short vertical posts—to prevent explosives-laden vehicles from penetrating that perimeter and smashing into the building. Ground Zero, and the surrounding redevelopment, constitute a 16-acre "superblock" that is generally inaccessible to vehicles, which Blasi acknowledged is problematic for other buildings in the area.

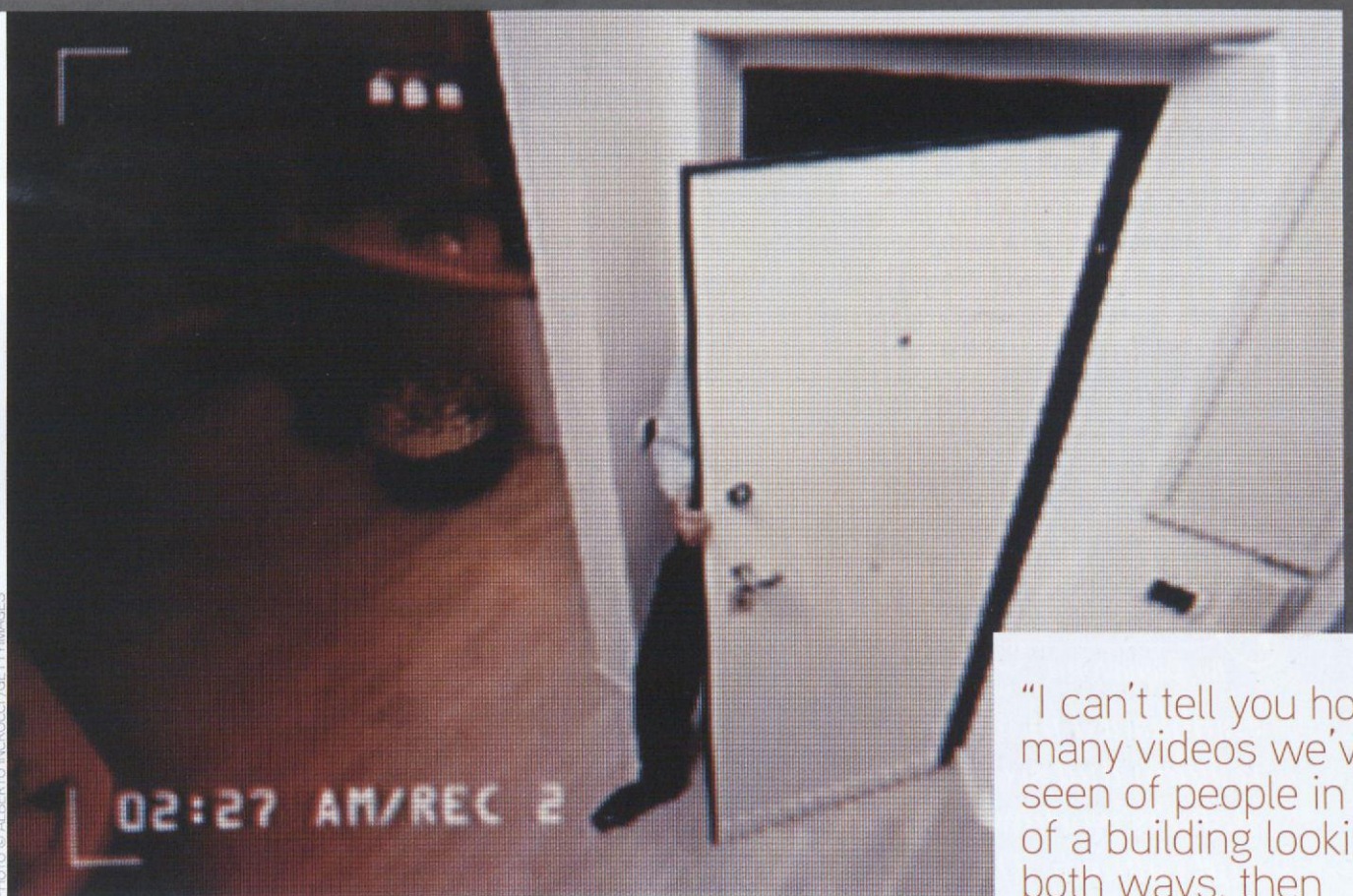
"From a structural standpoint, many buildings have been retrofitted to strengthen their columns and make the loading dock areas more secure," he said. "New buildings are being built with stronger stairwell cores. The tendency now is to create a building within a building, with up to four feet of concrete around the stairwell core, so that the center of the building should be safe in the event of an airborne attack."

Full-building evacuation drills every three years are now mandatory in New York City, and Blasi urges building managers and tenants to take advantage of training programs offered by police and fire departments, as well as the OEM, on such subjects as how to search a vehicle and how to respond to a biochemical attack or an active shooter. Procurement of security personnel is also important, he said.

"You have to get the best people and pay them well," he said. "You have to make building security a real job, to create less turnover."

"So much has happened with building security, first since the 1993 attack on the World Trade Center, and then since 9/11,"





“I can’t tell you how many videos we’ve seen of people in front of a building looking both ways, then falling on the ice on purpose.”

—JASON GROSS

World Trade Center, and then since 9/11,” said Edward V. Piccinich, executive vice president of SL Green Realty. “We put our security people through training programs with the New York Police Department; we’ve provided training videos and electronic handbooks for our tenants outlining emergency procedures. We also put our property managers through ‘tabletop exercises,’ where we put them in a room with a facilitator and confront them with some sort of emergency, to see how they’ll collaborate to meet the situation.”

SL Green’s goal, said Piccinich, is to make each of its properties impregnable, although he admits that some are easier to secure than others.

“You’ll always have the threat of a lone wolf with a makeshift bomb,” he said, “but we have sufficient quick-strike reaction capabilities in place. We don’t screen every piece of mail or put every package that comes in here through an isolation box, but we could, if an alert comes out.”

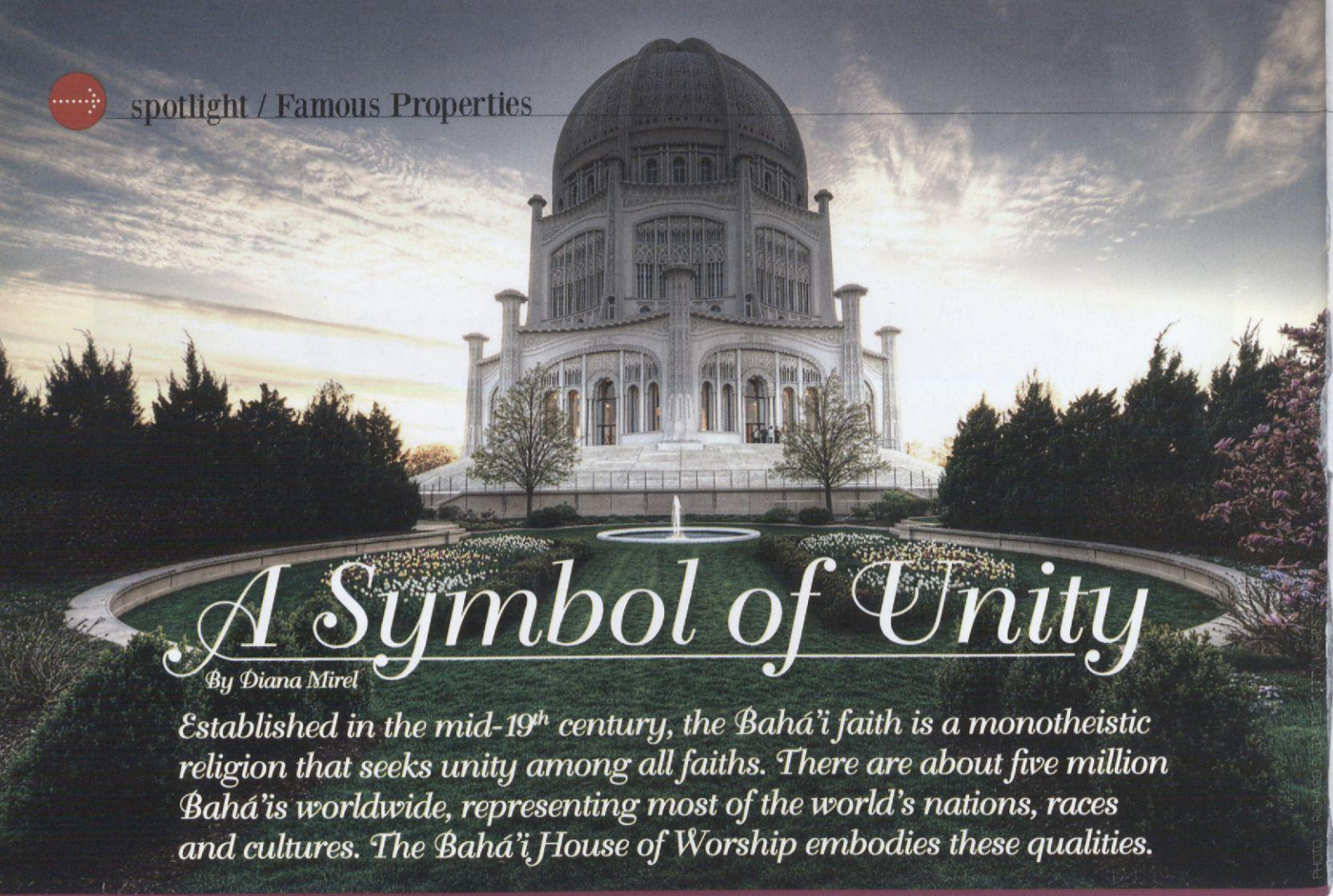
Quick communications are essential, Piccinich added. When a steam explosion recently threatened one of

SL Green’s buildings, management was able to instantly fire off an e-mail to more than 800 tenants, informing them of the situation and how to proceed.

“In this business, there’s no such thing as information overload,” he said. “The FBI gives us advice on mailroom screening; the OEM provides information on street closure, weather and so on. Being alert is not a matter of paying attention to the colors—amber, red, whatever. It’s about knowing scenarios and how to deal with them.

“Ten years ago, would I be able to tell you about all that we have in place now? Maybe 20 percent of it. Central London has its ‘Ring of Steel,’ and New York tries to be like that. We’re as ironclad, here in Manhattan, as we can be.” ■

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# A Symbol of Unity

By Diana Mirel

*Established in the mid-19<sup>th</sup> century, the Bahá'í faith is a monotheistic religion that seeks unity among all faiths. There are about five million Bahá'ís worldwide, representing most of the world's nations, races and cultures. The Bahá'í House of Worship embodies these qualities.*

According to Bahá'í leaders, the mission of the Bahá'í House of Worship for the North American Continent in Wilmette, Ill., is to be a place where “all religions, races and sects may come together within its universal shelter.”

The Bahá'ís built the House of Worship around this message of unity, with the temple acting as a gift to the community at large. The House of Worship is open to all and offers visitors a place to pray, meditate or contemplate in the grand auditorium or the serene surrounding gardens. The temple strives to be a part of community members' spiritual practice regardless of their religious affiliation.

## *On the Lake, Not the Avenue*

The idea for a North American Bahá'í House of Worship stemmed from one of the first American Bahá'ís, Corinne True. True worked tirelessly to gather 1,000 signatures from Bahá'ís who pledged to support the construction of the temple in the Chicago area. In 1907, True presented a scroll with the signatures to Abdu'l-Bahá, the son of the religion's founder Bahá'u'lláh. Abdu'l-Bahá supported the idea, but told True the temple should be built away from the business district and near the shore of Lake Michigan.

True found what she deemed the perfect location for the North American Bahá'í House of Worship on a bluff overlooking Lake Michigan in Wilmette, Ill., about 20 miles north of Chicago. In 1907, the delegates at a Bahá'í convention agreed to purchase the land. Five years later, Abdu'l-Bahá visited the site and laid the cornerstone for the temple. Construction began in 1920, but due to financial issues, the temple was not formally opened until 1953.

## *Seven Temples, Singular Design*

Today, the North American Bahá'í House of Worship is the oldest Bahá'í temple and is listed on the National Register of Historic Places. The other Bahá'í temples are located in Chile, Panama, Germany, India, Samoa, Uganda



and Australia. While each temple has a singular design, they each share a set of architectural requirements established to create a unifying theme between the temples. Each Bahá'í House of Worship is circular in shape, has nine sides and is surrounded by gardens and walkways.

The Bahá'ís believe the number nine symbolizes perfection and completion. Thus, they incorporate the number nine into the temple designs. For instance, there are nine entrances to the auditorium, nine interior alcoves, nine dome sections, nine gardens and nine fountains. The nine entrances symbolize the idea of unity and diversity by sending the message that there is not just one way to enter the temple.

The North American Bahá'í House of Worship was designed by Bahá'í architect Louis Bourgeois with a blend of Eastern and Western architectural styles. It was one of the first buildings to use precast concrete. Its large white dome and intricate ornamentation create a stirring presence amidst its quiet residential surroundings.

### *A Centennial Rejuvenation*

In 2001, the temple began an extensive restoration project that covered the exterior, roof, cornice, dome, stairs, gardens, fountains, electrical system, HVAC system, plumbing and sewers. The project spanned 10 years with a \$30 million price tag. The final phase of the project, underway this year, includes the addition of a new Welcome Center, which will cater to the large number of visitors to who come to the property each year. The Welcome Center will stand adjacent to the temple, designed with strong lines and floor-to-ceiling windows overlooking the temple and gardens. The almost all-glass main room acts as a gathering space and has a fireplace and complementary tea. Other rooms in the Welcome Center will be used for exhibits and education.

The restoration coincides with the 100<sup>th</sup> anniversary of Abdu'l-Bahá's visit to the location when he dedicated the cornerstone in 1912.

"They originally thought the project would take two years, but it was obvious that the property needed much more work. The condition of the property was failing," said Scott Conrad, the project manager and onsite architect hired for this project. "We took this opportunity to do an all-encompassing restoration. We wanted to revisit the entire property, restore it and fulfill the wishes of the original designers of the building that were not possible back then."

### *Renovations Reflect the Spirit*

Although the Bahá'í House of Worship is a protected historic landmark, there was a bit more latitude when it came to restoring the property.

"Religious structures are not purely historic," said Conrad. "This is a living, breathing building of faith. Many changes were spiritual in nature."

For instance, the gardens were completely rebuilt and redesigned.

"The gardens had seen decades of use and the architectural integrity of the gardens had lost its richness," said Conrad. "But, we did not restore it to the gardens of 1912. Instead, we rebuilt the gardens to a design never built—the

original vision that landscape architect Hilbert Dahl worked on in the 1940s [but was not able to build due to lack of funds]."

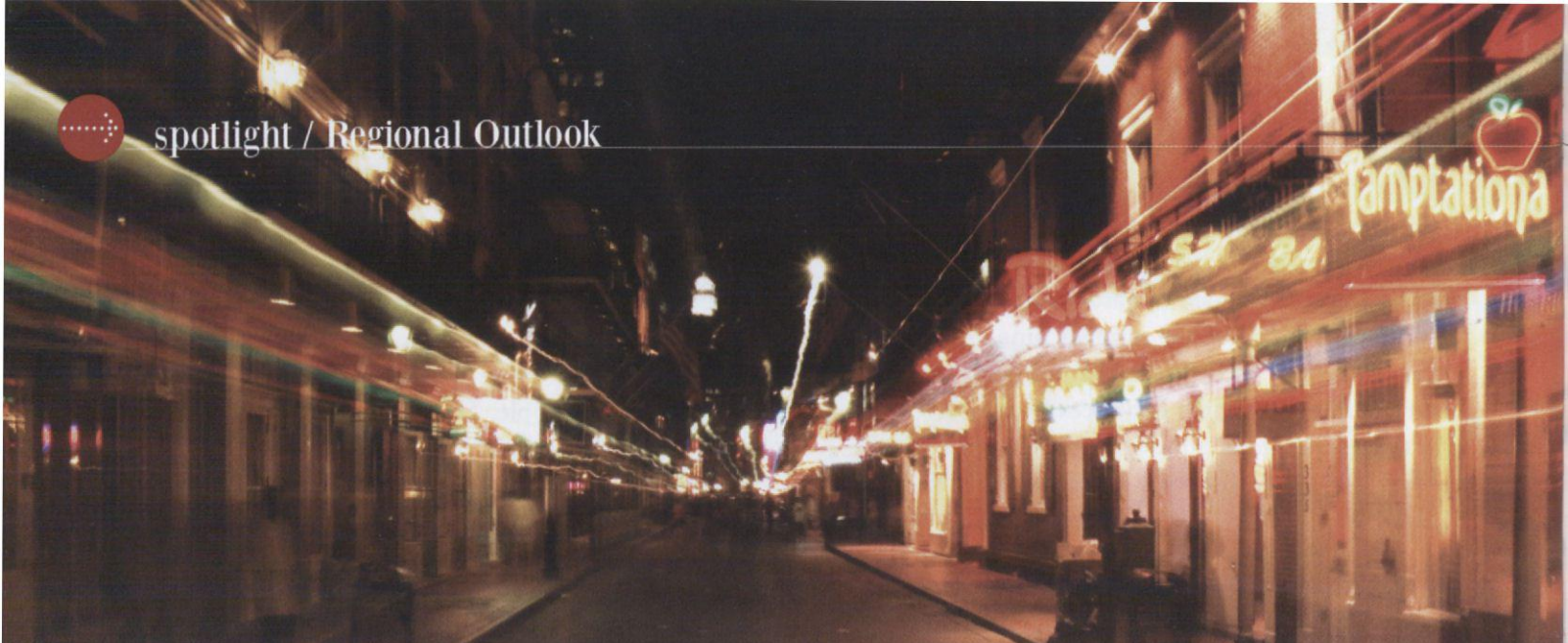
The nine circular gardens flank nine walkways leading to the temple. These lush, serene settings are designed to invite visitors to the temple, while also acting as outdoor areas for meditation and prayer. The new gardens have more fountains, a reflecting pool, new surfaces and landscaping. Lighting was also added to the gardens to make these areas accessible in the evening as well. The behind-the-scenes improvements include irrigation, a sophisticated drainage system and a storm water reclamation system.

Inside the temple, the grand auditorium seats almost 1,200 people and the dome stretches about 135 feet high. The walls have intricate lace-like ornamentation, and various writings of Bahá'u'lláh are inscribed above the building's entrances and inside interior alcoves.

Outside, each exterior pillar is decorated with symbols of various religions, such as the cross, the Star of David and the star and crescent. At the top of the each pillar sits the nine-point star, the symbol of the Bahá'í faith.

"The [Bahá'í House of Worship] is used by so many. The idea that such a luxurious building and gardens are open to everyone is rewarding," said Conrad. "People really adapt this as their own place." ■

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# WINDS OF CHANGE

BY KRISTIN GUNDERSON HUNT

New Orleans bounces back from woes of Hurricane Katrina, becoming even stronger than prior to the storm



LIKE MOST OF THE NATION, THE NEW ORLEANS MULTIFAMILY MARKET IS STRONG DUE TO MACRO-ECONOMIC AND DEMOGRAPHIC SHIFTS.

**T**he Big Easy hasn't had it so easy since being struck seven years ago by Hurricane Katrina. The local economy, real estate and population were devastated by the storm's destruction.

While the rest of the nation has been suffering the dramatic woes of an economic downturn and real estate bust, New Orleans has been undergoing a renaissance, real estate experts said.

"The market is improving and firming up," said Joe Pappalardo, CPM, president and CEO of Latter & Blum Property Management Inc., AMO. "People are realizing the New Orleans area is alive and well."

## Built on the Backs of Community

While the city hasn't entirely avoided unfavorable economic conditions, the focus on rebuilding and federal assistance coupled with the concerted efforts from longtime residents, transplants, builders and contractors—many of whom couldn't find work elsewhere—have worked to the city's advantage.

New Orleans' occupancy rates and rental rates have steadily improved or at least stayed flat across all real estate sectors during the last three years. Still, New Orleans' steady performance is worth noting, experts said. Substantially less inventory needs to be occupied now compared to before Katrina.

"The core of the city and the downtown area has become extremely vibrant," said David Abbenante, CPM, president of HRI Management in New Orleans. "It's a fever, and you almost have to be here to believe it. People are more interested in being here now than they were before the storm."

REGISTER TODAY FOR THE IREM FALL LEADERSHIP CONFERENCE IN NEW ORLEANS, AT [WWW.IREM.ORG/IFLC](http://WWW.IREM.ORG/IFLC)

PHOTO: C. MEDINA/ALAMY



## Strength in Multifamily

Like most of the nation, the New Orleans multifamily market is strong due to macroeconomic and demographic shifts. According to the University of New Orleans' Institute for Economic Development and Real Estate Research's *New Orleans Metropolitan Real Estate Market Analysis* report, occupancy rates in the region reached 92.6 percent at the end of 2011.

The local multifamily sector has particularly benefitted from newcomers to the area wanting to participate in the rebuilding of the city, as well as "steady economic and employment gains, continued rebuilding of storm-damaged areas and neighborhoods and the expansion and redevelopment of significant core economic anchors such as the medical district," according to the institute's market analysis.

"Right after Katrina, we had an influx of people come into the region to help," said Ivan Miestchovich, director and associate professor at the Institute for Economic Development. "Many of them decided to stay, starting a brain wave in the city that ignited a lot of entrepreneurial activity and business start-ups. People moving into the city looking for new opportunities have had a positive impact on residential properties."

The positive impact on office buildings has been much less noticeable. However, the vacancy rate among 223 sampled buildings—about 26.3 million square feet of rentable area—was 15.4 percent at year-end in 2011. According to the report, this is "somewhat better than the average central business district and suburban properties in other U.S. markets."

## Reunited with Retail

New Orleans' retail sector has seen a steady decline in vacancy rate over the last three years, reaching 8.4 percent in the fall of 2011. Asking rents also edged up to \$16.06 per square foot.

Regionally, retailers like Costco and Dick's Sporting Goods, as well as a multitude of family restaurant chains, are entering the market for the first time—likely drawn by the influx of young professionals relocating to the area, Pappalardo said. In the French Quarter, retail is performing particularly well. For the first time in 30 years, there's not a single vacancy on Canal Street, a major thoroughfare.

Because of the strengthened market, Pappalardo said real estate managers aren't forced to make concessions like they would in a down market.

"While we want to keep our tenants happy, demand is strong, and they aren't difficult to satisfy. When the economy is down, tenants are usually much harder to please," he said.

New Orleans' occupancy rates and rental rates have steadily improved or at least stayed flat across all real estate sectors during the last three years.

## No Caution Thrown to the Wind

While keeping tenants happy might not be much of a challenge for real estate managers right now, they do face some unique obstacles managing properties in an area ripe with severe weather warnings.

Abbenante said property and windstorm insurance premiums increased dramatically after Hurricane Katrina. While the premiums are starting to drop slightly, the post-Katrina premiums continue to have a lingering influence on a property's bottom line.

"The attention focused on insurance-related items in property management is beyond description," he said. "It can make or break how the property operates."

Abbenante also said a much greater focus has been put on preparing for the next big storm by instituting hurricane preparedness plans and retrofitting properties to better withstand a large wind event. Prepared or not, Miestchovich believes New Orleans has already demonstrated its ability to weather the storm.

"We're certainly not finished building from Katrina," he said. "There is a lot more to do, but we've made a huge amount of headway in the last seven years. We're getting back to normal—whatever that is." ■

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**SNAPSHOT**

CORPORATE HEADQUARTERS  
Destination Maui, Inc.

EXECUTIVE CPM  
Ronald A. Kawahara, CPM, CPA,  
CVA, PCAM

NUMBER OF EMPLOYEES  
18

COMPANY WEBSITE  
<http://www.destinationmaui.net>



**DESTINATION MAUI INC**  
Property Management

**FOLLOWING IS AN EXCLUSIVE INTERVIEW WITH RONALD KAWAHARA, CPM, CPA, CVA, PCAM, PRESIDENT OF DESTINATION MAUI, INC., AMO**

**■ Your Firm is one of four in Hawaii to attain the AMO accreditation. What challenges and unique facets exist for property management in Hawaii?**

For the most part, the operational aspects of property management in Hawaii are similar to that on the mainland; however, there seems to be a higher density of property management firms in Hawaii. The result is that it is a very competitive market in terms of the management fees. Some of this is attributable to the size of the average client. But more often than not, it results in the selection of a property management firm based on the lowest fees.

**■ Your website mentions that Destination Maui (DMI) was spun off from Ronald A. Kawahara & Co, CPAs, Inc. What was the impetus behind creating a separate entity? How easily did the financial management aspects carry over?**

Due to the growth and certain changes in the real estate law, we decided to incorporate DMI as a separate entity

in 1974. Since the majority of time tasks performed in property management are similar to work performed by a CPA, the transition went smoothly. Most property management firms have their roots in real estate. DMI, with its CPA background, has built one of the best back office operations in the business with significant internal controls, a paperless environment and the use of advanced technology.

**■ What is the origin of your unique management philosophy? What sets you apart from other property management firms?**

DMI manages homeowner associations, long-term rentals, vacation rentals and commercial properties. Our emphasis, however, is on the management of homeowner associations. It was, and is, common for managing agents to have a relatively high turnover of clients. DMI was no different in that respect.

About six years ago, we analyzed why our business model—based on the industry norm—resulted in turnover of clients. Our new business model takes into



DESTINATION MAUI'S LEADERSHIP TEAM (FROM LEFT TO RIGHT): JOANNE K. PHILLIPS, BIC, AMS, PCAM, VP OF ADMINISTRATION; RON KAWAHARA CPM, CPA, CVA, PCAM, PRESIDENT; NANCY PRICE, AMS, PCAM, VP OF OPERATIONS.



account best practices in the industry. In some cases, we exceed them.

The biggest issue was lack of timely communications. Directors of homeowner associations were upset because their phone calls, e-mails and correspondence were often neglected. The root cause was that the typical account executive was assigned 10 to 12 accounts. This made it difficult to respond in a timely manner. We assign a maximum of seven full-service accounts to each account executive to address this particular problem. In addition, we require that all phone calls, e-mails and correspondence be answered within 24 hours.

Our financial statements are probably the best in the industry, prepared by full-charge accountants. We include a cash flow statement, comparison with the prior periods and detailed listing of vendors when a line item exceeds the budget.

Each month, we provide the board a written managing agent's report, property schedule and a property in-

“DMI has built **ONE OF THE BEST** back office operations in the business with significant internal controls, **A PAPERLESS ENVIRONMENT** and the use of advanced technology.”

spection report to the board. The property schedule is date driven and provides a detailed listing of all projects approved by the board, contracts in force, upcoming meetings, etc. This allows directors to see the status of all open items affecting their associations.

DMI recently went through its third major change to its property management and accounting software. The transition was accomplished with minimum tears shed. The change in our business model and software has benefited our clients in terms of our response time and service. At the same time, it has improved our efficiency by several factors. ■



2012

# 2012 CAPITOL HILL ISSUES UPDATES



*There has been much activity on the legislative and regulatory matters that IREM and CCIM Institute Members took to Capitol Hill on April 18. Please see below for updates on the issues we lobbied on the Hill.*

## FASB – Lease Accounting

IREM and CCIM Institute members took the issue of Financial Accounting Standards Board (FASB) lease accounting to the Hill on April 18, 2012. Members asked their legislators to sign a bipartisan “Dear Colleague” letter encouraging FASB to complete a comprehensive and detailed economic impact study to better understand the major impacts of the new lease accounting proposal. It is important for real estate and other industry professionals to fully comprehend how the regulatory changes will impact their business before the rules are implemented.

Because of IREM and CCIM Institutes members’ combined effort with NATIONAL ASSOCIATION OF REALTORS® in lobbying this issue on the Hill, 61 congressional members have signed onto the letter. This is an incredible accomplishment and we are thrilled with the amount of support the FASB issue has received.

In addition to the bipartisan letter, members urged U.S. Representatives to sign on and co-sponsor the SEC Regulatory Accountability Act introduced by Rep. Scott Garrett, R-NJ. This legislation would also assist in better understanding impacts of the lease accounting changes as it would require the

Securities and Exchange Commission (SEC) to assess the economic consequences and thus adopt the regulations if the benefits justify the costs. Several members of Congress showed serious interest in this legislation and agreed to better understand the legislation and issue at hand.

In addition, both IREM and the CCIM Institute have asked their senators to write directly to FASB and request a cost-benefit analysis before any implementation of the new changes.

## Credit Union Lending

Also discussed during the 2012 Capitol Hill Visits is the need for more refinancing and financing options. Credit unions provide loans to small businesses, but are hindered by tight lending caps of 12.25 percent of their total assets. IREM and CCIM Institute Members asked their congressional members to support and pass H.R. 1418 and S. 2231, which would increase the credit union lending cap to 27.5 percent for those credit unions which meet strict safety and financial soundness criteria.

Since the Hill Visits in April, H.R. 1418 has gained nine co-sponsors, bringing total sponsorship up to 138 representatives. We are thrilled to know IREM and CCIM Institute members had a hand in working to bring attention to this important industry issue and in turn gain momentum for H.R. 1418.





*We are very proud of the hard work IREM and CCIM Institute members put into this important day to bring attention to vital real estate and commercial brokerage industry issues. Here is to yet another successful Capitol Hill Visit Day!*



## Carried Interest

Real estate accounts for almost half of the 2.5 million partnerships formed for property transitions as an incentive to maintain and enhance the value of real estate in the United States. The current capital gains rate is at 15 percent, which provides a value-added proposition for real estate partnerships, keeping our businesses and communities alive. Increased tax rates for real estate investments will, therefore, hurt the economy.

Bush-era tax cuts currently holding down interest rates expire at the end of 2012, meaning that carried interest rates may increase to at least 20 percent. While the November election season will likely delay any action until the end of this year, the Buffett Rule, which targets capital gains tax rates and top-earning Americans, is receiving national attention. The debate continues, but real estate transactions cannot be targeted. By bringing carried interest tax policy to Capitol Hill this past April, we increased awareness of the incentives of real estate partnerships and brought more clarity on the tax treatment of real estate transactions.

## Marketplace Equity Act

According to the National Conference of State Legislatures, states will lose an estimated \$23.3 billion in 2012 from lost sales tax on purchases made online. In states with a sales tax, brick-and-mortar stores are disadvantaged by charging a sales tax on products consumers could buy online without paying sales tax. The Marketplace Equity Act would simplify the tax collection process for online retailers. Since our Capitol Hill visit, at least five members of Congress have co-sponsored the Marketplace Equity Act, with several other members agreeing to support passage of these bills.

## Covered Bonds

Financing is difficult to obtain, especially for commercial real estate practitioners. Covered bonds are attractive for investors seeking triple-A rated

bonds. We advocated for support of the United States Covered Bond Act during our Capitol Hill visit to open up lending options in the United States. There have been no new co-sponsors of either House or Senate version of the bill; however, the SEC announced that negotiations are underway for the Royal Bank of Canada to sell \$12 billion of covered bonds to American investors, including retail investors.

This means American investors will have another investment option from foreign banks, but these funds will not be used to assist real estate in the U.S. and Canada. In essence, without a legal framework, banks in America are not able to offer the same opportunities of covered bonds for mortgages in the country. ■

FOR QUESTIONS, PLEASE CONTACT BETH PRICE, THE LEGISLATIVE LIAISON FOR IREM HEADQUARTERS IN CHICAGO, AT [BPRICE@IREM.ORG](mailto:BPRICE@IREM.ORG) OR (800) 837-0706 EXT. 6021.



### Adjust, Remember, Train



You probably don't think about your thermostat, but the one on your wall can control half of your energy bill. Programmable thermostats usually aren't programmed properly and some don't even have energy-efficient ratings. The Nest Learning Thermostat learns your adjustment patterns and creates a routine based on the weather outside, the time of day and when you're usually out of the house.

Nest allows you to control your thermostat from outside the house from your Smartphone or tablet. The Nest even generates reports showing you your projected energy savings and use history.

\$249. Available online at [www.nest.com](http://www.nest.com) and at Lowe's.

### Hardhat Protection, Game Day Style

Want to protect your head without looking like you're wearing a hardhat or baseball helmet? The HardCap A1+ Bump Cap from Protective Industrial Products offers a high-density polyethylene inner liner with foam cushioning in a stylish form factor that looks like a standard baseball cap. Available in a number of colors and two-tone designs, the HardCap A1+ Bump Cap features a removable protective liner, making the outer cap fully washable. A reduced brim option is also available for those needing better visibility than a standard baseball cap.

Available online at [www.pipusa.com](http://www.pipusa.com). ■



### Hard Headed, Awfully Bright



The Streamlight Knucklehead Spot helps shed light in emergency situations from black-outs to disasters. Designed with firefighters in mind, the Knucklehead Spot can shine a light up to 210 meters high when set to high intensity, making it a great emergency flashlight. The Knucklehead Spot is also incredibly durable, tested with two-meter impact resistance. With an articulated, rotating head, this is one light that's ready for almost anything.

\$85. Visit [www.streamlight.com](http://www.streamlight.com) to find a local distributor.

### High Alert for High Water

The Flood Buzz™ Pro is a new, effective leak alarm designed by Archetype Ltd. that makes leak detection easier than ever. The Flood Buzz features two built-in sensors that trigger a 110-decibel alert when they come into contact with water.

Property managers, maintenance crews and independent contractors can make these effective systems their own, thanks to a blank branding space designed into the alarm, included to make sure tenants know exactly who to call when they discover a leak.

The Flood Buzz Pro runs on a three-year battery, giving maintenance crews reason to inspect and perform any preventative maintenance regularly.

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# Cloudy Forecast: Choosing a Cloud Service









TODD CLARKE, CCIM, (TCLARKE@NMAPARTMENT.COM) IS CEO OF NM APARTMENT ADVISORS IN ALBUQUERQUE, N.M.

Recently the media has devoted a lot of attention to the cloud as the next wave of technology. Major companies like Apple, Amazon, Google, Microsoft and many others are offering cloud solutions.

Unfortunately there isn't a great comparison between the differing technologies, and companies that embrace a cloud solution today may make vendor misstep without evaluating their service needs. This month's article should provide you

with the information you need to assess your company's need for a cloud solution, and identify possible paths to take. Carefully map your intended use and needs when choosing a cloud solution for business or personal use.

TO ASSIST YOU WITH THIS PROCESS, USE THE FOLLOWING TABLE TO MATCH YOUR NEEDS WITH A SERVICE:

	EVERNOTE 	Dropbox 	Microsoft Office 365 	iCloud 	Google Drive 	amazon 
Features and use	Sync notes and multimedia across devices and services using your account.	Sharing features allow clients to access large files. Automatically syncs your changes across your enabled devices. Leave off on one computer, pick up on another.	Adds cloud-based features to Microsoft Office applications for easier sharing and teamwork.	Syncs documents, calendars, contacts and media files between PCs, Macs and iOS devices. Change a contact or appointment on one device, it updates on all the others.	Open over 30 file types. Drag-and-drop small or large files directly into your Google Drive. Collaborate and share with other users.	Store your personal media and documents on Amazon's secure servers and access them any time with your Amazon account.
Pros	Features companion apps for contacts, food and more.	Easy to use through the Web, mobile, or desktop application.	No software to update. Simple subscription pricing.	Syncing is automatic. Support baked in to all new Apple hardware.	5 GB of free storage; Google supported	Digital music purchased through Amazon stored in your cloud drive without counting against your free space.
Cons	Not as useful for storing materials like documents or presentations.	Expensive upgrades.	Editing or viewing on a mobile device requires Windows Phone.	E-mail setup on Windows may cause sync issues.	5 GB can be filled with photos, videos, and documents pretty quickly.	Lacks integration into other devices.
App support	iOS, Android, Mac and PC	iOS, Android, Web and PC	Windows Phone, iOS, Android and Blackberry	All Apple devices and Windows plug-in	iOS, Android and Web	Web and desktop app.
Pricing	Free, paid version has upgraded features	2 GB: Free 50 GB: \$99/year 100 GB: \$199.00/year	Plans range from \$4 to \$20 per month	Account + 5 GB: Free. 15 GB: \$20/year 25 GB: \$40/year 55 GB: \$100/year	5 GB free. 25 GB: \$2.49/month 100 GB: \$4.99/month	5 GB free. Upgrades available at \$1/GB per year.
Additional Info	<a href="http://www.evernote.com">www.evernote.com</a>	<a href="http://www.dropbox.com">www.dropbox.com</a>	<a href="http://www.microsoft.com/en-us/office365">www.microsoft.com/en-us/office365</a>	<a href="http://www.apple.com/icloud">www.apple.com/icloud</a>	<a href="http://drive.google.com">drive.google.com</a>	<a href="http://www.amazon.com/Amazon+Cloud">www.amazon.com/Amazon+Cloud</a>



# Trees and your Liability

If a tree falls in a forest, does it make a sound? Perhaps, but it probably does not concern a property manager. Normally we do not think of trees as hazards or liability concerns in the same way as displaced sidewalk slabs or wet floors. So why is tree maintenance and safety important to the property manager?



IT'S EASIER TO SEE CONDITIONS ON THE SURFACE WE ARE WALKING ON THAN THOSE ABOVE OUR HEAD.

## Toe your Tree Line

As a property manager, you are responsible for maintaining safe conditions on the site, and can be the first line of defense for maintenance issues. If there are trees adjacent to pedestrian areas, this creates potential issues.

If you never thought about tree maintenance and hazard trees, you may want to pay attention so as not to become involved in an unfortunate, yet preventable, incident or injury to someone living, working or visiting your property.

Do you know your responsibilities regarding the trees on the properties you manage? Are you familiar with any tree ordinances in effect in the municipality? The *International Property Maintenance Code (IMPC)* does not directly address tree maintenance, but it does require that exterior property areas be maintained and free of hazardous conditions. While the *IMPC* does not define what constitutes a hazardous condition, it would be difficult to contest a diseased or damaged tree within striking distance of a pedestrian walkway.

## Out of Sight Out of Mind

It's easier to see conditions on the surface we are walking on than those above our head. Normal human line of sight is about 10 degrees below eye level. Our natural tendency is to scan the surface conditions we are walking on, usually not looking up. Property managers also need to look up for conditions that may be a hazard to the sidewalk below.

## Recognizing Hazard Trees

Not all trees are hazards, but do you really know the condition of the trees on your properties? A hazard tree is a tree with structural defects likely to cause failure of all or part of the tree, which could strike a place where people gather,

such as sidewalk, a building or a vehicle on the street. Information about hazard trees and the liability associated with them are available online and from the United States Department of Agriculture Forest Service.

While the property manager is the first line of defense against hazards on the site, the subject of trees, especially hazard trees may specialized enough to require involving an arborist or local agriculturalist to ascertain the current condition and prognosis of trees on the property.

It's easy to think of this type of incident as an act of God or a freak occurrence. While not an everyday occurrence, these events do happen more frequently than you might think. ■



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# From Resident to Landlord:

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## Depreciating a Former Personal Residence

BY DANIEL ROWE, CPA

The combination of an economic recession, a mortgage crisis and an aging population has led to a large number of homeowners recently becoming landlords.

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**W**hether due to a relocation for work, a transfer to an assisted living facility or purely for economic considerations, homeowners who are unable to sell a former primary residence have turned to renting it. As property managers, you may have experienced an influx of first-time landlords entering the rental market or received inquiries about doing so. When converting a former personal residence to rental property there are some significant tax effects that should be assessed. One of the most commonly misunderstood concepts is that of depreciation. As their current or potential property manager, your basic understanding of depreciation can be useful in helping owners achieve their rental objectives while avoiding missteps.





## Depreciation in General

Depreciation is a deductible expense, based on the notion that everyday wear and tear on a property should be recognized ratably over the expected useful life of that property. Depreciation is a significant expense for your clients because it is a non-cash deduction. Unlike mortgage interest, property taxes or repairs, depreciation expense is available without any cash outlay. It enables the landlord to generate a positive cash flow on their property without necessarily generating taxable income.

## Amount to Depreciate

Since land is presumably not subject to normal wear and tear or obsolescence, only the building and personal property components of the rental property are subject to depreciation. Therefore, when a residence is converted to rental property, a distinction must be made between the depreciable amount of building and the non-depreciable amount of land. If a \$100,000 property has 50 percent of its cost attributed to the land, only \$50,000 will be subject to depreciation expense.

The amount to be depreciated is not necessarily the amount that your client paid for the property, but the lesser of the property's cost or its fair market value at the time of conversion. This is significant for multiple reasons. In today's declining real estate market, many homes are worth much less than the amount paid for them. Rather than depreciating the higher purchase amount, the expense is calculated based on the lower fair market value. This also serves to prevent



**When converting a former personal residence to rental property there are some significant tax effects that should be assessed.**

homeowners with declining property values from converting properties to rentals in order to deduct tax losses. To illustrate the effects of the limitation to tax basis in a declining real estate market, consider the following example.

After relocating from Boston to New York, Charlie decided to rent his former residence through a property manager. He bought the house ten years ago for \$1 million, but it recently appraised for only \$500,000. Twenty percent of the property's value (\$100,000) is attributed to the land and 80 percent is attributed to the building and improvements. When Charlie places the property in service for rent he will begin depreciating it over 27.5 years. Rather than depreciating \$800,000, or 80 percent of \$1 million, Charlie must use the lower fair market value as his depreciable base, or \$400,000. This gives him a depreciation expense of \$14,545 per year rather than \$29,091 per year had he been able to use his actual cost. Clients often overlook this rule and assume they can deduct depreciation based on the higher original cost of the property.





## Consequences of a Sale

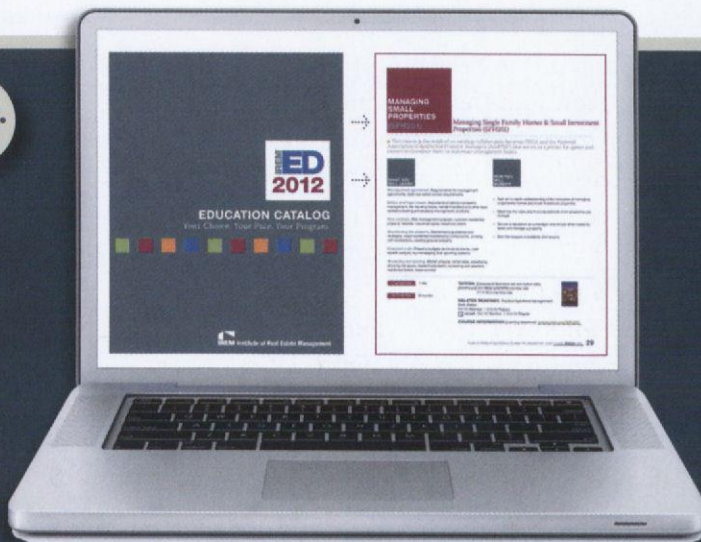
Depreciation reduces the tax basis of the property, which ultimately impacts the amount of tax gain or loss realized when the property is sold. It is a deductible expense while the property is held, based on the premise that the property is declining in value over time due to wear and tear, usage or obsolescence. Accordingly, if the property is eventually sold for more than its depreciated basis and resulting in a gain, then it had not truly been losing value while the depreciation expense was being taken. To make up for the benefit received from this artificial deduction, tax law requires the seller pays tax at a maximum rate of 25 percent on any gain attributed to real property depreciation. For example, suppose Charlie bought a residential rental property in New York for \$500,000 (all attributed to the building), depreciated it for two years, and then sold it for \$500,000.



The following table shows how Charlie would calculate his gain:

<b>Purchase Price</b>	<b>\$500,000</b>
<b>Less: Depreciation</b>	<b>– (36,364)</b>
<b>Adjusted Basis</b>	<b>463,636</b>
<b>Sale Proceeds</b>	<b>\$500,000</b>
<b>Less: Adjusted Basis</b>	<b>– (463,636)</b>
<b>Taxable Gain</b>	<b>36,364</b>

While depreciation provides a tax benefit during the period in which the property is in use, it can create taxable income at the time of sale.



Register today for the new IREM Course, Managing Single Family Homes and Small Investment Properties (SFH201) at [www.irem.org/education](http://www.irem.org/education).

In today's declining real estate market, many homes are worth much less than the amount paid for them.



PHOTO © MHJ/ISTOCK

recapture of the depreciation when the items are sold. It is important to distinguish the building or improvement components of the property from the land in order to determine the amount subject to depreciation. Encourage clients converting prior personal residences to rental property to obtain a qualified appraisal at the time of conversion to determine the value of the property and possibly the break-out of its components. Other sources that can be used for the allocation are local property tax assessments or an insurance estimate of replacement cost. Overall, the value used and the allocation should be reasonable and supported by documented facts.

Homeowners converting their former residences to rental property often miscalculate their allowable depreciation expense or fail to realize the tax benefit of the expense. Likewise, they are often unprepared for the tax consequences upon the sale of property that has been depreciated. Gain is calculated on the depreciation that was actually taken as well depreciation that could have been taken but was overlooked. As you are faced with a rising base of these first-time landlords, be sure to inform them about the pros and cons of depreciating their converted property. ■



## When and For How Long?

The IRS has established that residential real property is depreciated over 27.5 years beginning with the date the property is placed into service as business or investment property. But this doesn't mean that a house built in 1984 is fully depreciated as soon as it is converted to a rental in 2012. Instead, depreciation will be taken over the next 27.5 years, beginning in 2012, until the building is actually more than 50 years old. The date it was originally purchased or first used as your client's residence is irrelevant to the depreciation calculation. While residential property depreciates over 27.5 years and land cannot be depreciated, other components of the rental property— if properly identified—can be expensed more rapidly. Appliances, carpet and furniture all have much shorter depreciation periods than the building, but are also subject to



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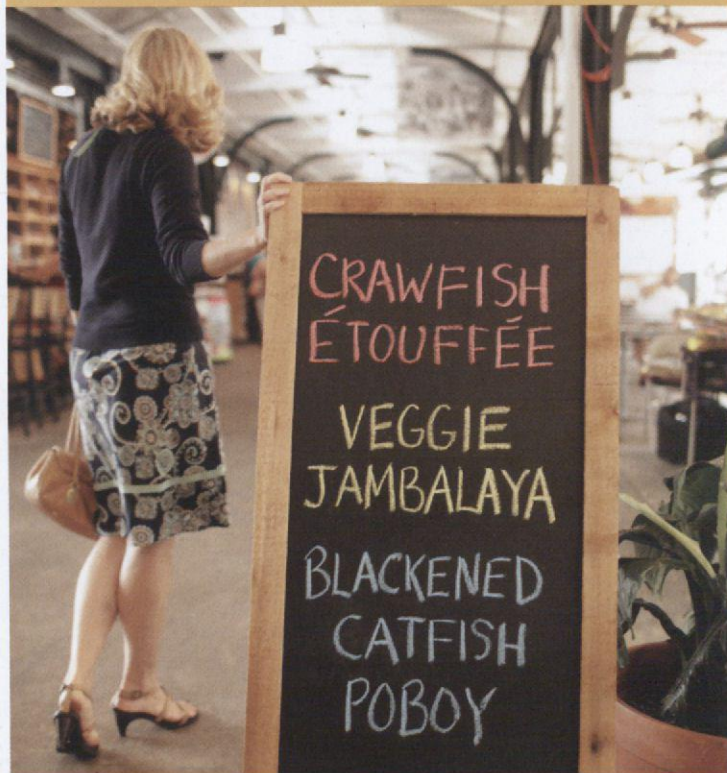
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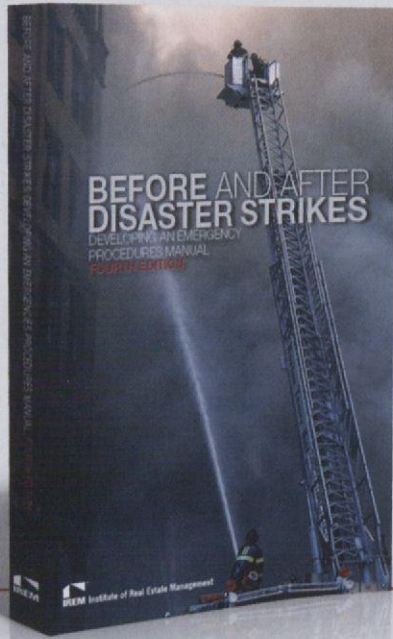
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# BEFORE AND AFTER DISASTER STRIKES:

Developing an Emergency Procedures Manual

FOURTH EDITION



## [EXCERPT]

### CHAPTER 2

TEAMING UP  
ON EMERGENCY  
RESPONSE:

An introduction  
to the emergency  
management team

**A**ssembling an emergency management team is critical to emergency planning, as the emergency management team will be called upon to carry out your property's emergency procedures plan. The team members are appointed to protect and safeguard your property and the lives of everyone inside by performing their assigned responsibilities before, during and after an emergency. This team should be equipped to respond to various life- and property-threatening crises and prepared to help restore normal operations as soon as possible. Since your emergency management team will be comprised of property staff, they will already be familiar with the property, empowering them in their understanding of how to respond quickly to unexpected and dangerous conditions.

**MAKE  
SURE YOUR  
EMERGENCY  
PROCEDURES  
MANUAL  
STATES WHO IS  
IN CHARGE.**

### DUTIES OF TEAM MEMBERS

Each team member should be assigned and trained on specific duties, which should be explained in the property's emergency procedures manual. Remember that not all team members will be available when an emergency arises, so each person should understand the entire emergency plan. Depending on the situation, one member may direct the action during an emergency until the team assembles.

Some of the most important duties include managing evacuations, cooperating with public agencies (fire, police, etc.), communicating with building occupants or providing first aid to injured parties. Key team members should not only know their own duties, they should also be familiar with the duties of the other team members in case they need to assume a second role when an emergency occurs.

The team leader will direct the actions of the entire team and will need to know what actions to take for each type of emergency, including what tasks need to be assigned to various team members. During an emergency,

all communications should flow from the leader, with all team members remaining in contact with the team leader for instructions. In addition, the emergency management team should include assignments of alternates for each team member and role. Make sure your emergency procedures manual states who is in charge—if you or the team leader is unavailable—and assign alternates for each position on the team.

## TRAINING THE TEAM

After the emergency procedures for the property have been written and the team has been assembled, train

**EACH TEAM MEMBER SHOULD BE ASSIGNED AND TRAINED ON SPECIFIC DUTIES, WHICH SHOULD BE EXPLAINED IN THE PROPERTY'S EMERGENCY PROCEDURES MANUAL.**

the team to carry out the plan, which should be reviewed, studied and practiced by the members of the team in order to enable an effective response to emergencies. Begin the training by leading a tour of the property alongside the building engineer. Team members may know the property well, but it is unlikely that they know it to the degree needed in some emergencies. During the property tour, encourage team members to think of the building and its systems through the lens of a crisis situation.

While touring the property, focus on the following relevant features prominent to emergency situations:

- Overall layout of the property
- Configuration of individual floors
- Location of stairwells, entrances and exits
- Roof and basement access
- Mechanical equipment
- Emergency equipment
- Stored chemicals and hazardous waste which are listed on the material safety data sheet (MSDS)
- Location of essential keys
- Telephones and other communications equipment
- Life-safety equipment

All utility shutoffs should be clearly labeled for easy identification. Team members should also know where each shutoff is located and how to use them in an emergency. Additionally, ensure your team members know where to locate and how to operate fire extinguishers, fire alarms and other emergency supplies, such as emergency telephones. In buildings with elevators, indicate where elevator controls are located and how to manually shutdown elevators to return them to the lobby level, if necessary. Be sure to indicate any areas that may house hazardous materials, making a point of informing team members who contact for disposal of hazardous materials, along with the general knowledge of the area surrounding the building—streets, parks and alternate access routes.

When training the team, invite representatives of the fire and police departments to provide information on evacuation procedures in detail, including how to safely move disabled and senior citizens, and how to keep children calm and cooperative during a crisis.

**WHEN REVIEWING THE TEAM'S PERFORMANCE, ENCOURAGE EVERYONE TO SPEAK FREELY BY POINTING OUT AREAS THAT NEED IMPROVEMENT, WHILE ALSO APPLAUDING GOOD PERFORMANCE.**

Training should also be provided on specific emergency procedures—that is, how some procedures, including evacuation, may differ because of the type of emergency. There may be specific seminars and courses offered by outside entities that can be considered as well—for example, first aid training from the American Red Cross and employee health and safety through the Occupational Safety and Health Administration (OSHA). In order to maintain a constant sense of mission and ensure that procedural instructions are current, it's important for the emergency management team to meet periodically to review and discuss any changes to the emergency plan and specific emergency procedures.

To ensure easy access to written emergency response procedures, provide two copies of the plan to all team members and onsite personnel—one copy to be kept in their work areas and one at their homes. Make the information portable and universally acceptable. Create a digital version so that team members and onsite personnel can view the emergency response procedures on Smartphones, laptops or tablets. Go a step further; create wallet-sized cards with key emergency procedures information, evacuation routes and points of assembly for building evacuees.

Post links to emergency procedures on the property's website, and also on bulletin boards or newsletters to promote emergency awareness. The frequency of such communications depends upon many factors, including the size, type and location of the building. For instance, the management staff and occupants of a high-rise building may need more frequent training than the manager and tenants at a small strip center. Emergency procedures and preparedness materials can easily be made available to all building occupants for complete awareness of who the emergency management team is, what they do, and how to react in the face of an emergency.

**DURING THE  
PROPERTY  
TOUR,  
ENCOURAGE  
TEAM  
MEMBERS  
TO THINK  
OF THE  
BUILDING  
AND ITS  
SYSTEMS  
THROUGH  
THE LENS  
OF A CRISIS  
SITUATION.**

## **PRACTICE DRILLS**

Scheduling practice drills enables the team members to instinctively respond to emergencies and builds confidence within the emergency management team and among the building's occupants. Practice drills will give you the opportunity to evaluate the emergency plan, identify weaknesses and correct any problems before an actual emergency arises. Practice drills should be announced in advance to give team members a chance to walk through their roles. Later, the leader can schedule surprise drills to evaluate the team's performance—separate drills can be scheduled for building

occupants and the emergency management team.

Many municipalities have ordinances covering practice evacuations and other safety procedures—including how and when drills should be conducted. These ordinances may only apply to buildings of a certain size or height, such as mid- and high-rise buildings. Local ordinances should be checked to ensure that evacuations and practice drills for your managed property are compliant. Requirements for emergency procedures are usually posted on a city's website as a reference.

Safety is a community concern, so it's important to meet with residents and tenants to explain the significance of practice evacuations and other drills. Only you and the leader of your emergency management team have the ability to make these practice drills a valuable part of a building's emergency procedures plan, providing basic encouragement, along with an established emphasis on what could happen if occupants are not prepared for emergencies.

## DRILL PERFORMANCE REVIEW

Immediately after an emergency drill, the emergency management team should be assembled to critique the plan and the team's performance. In evaluating performance, consider the following questions:

- Do members of the emergency management team understand their respective responsibilities?
- Have new team members been adequately trained?
- Are there problem areas and resource shortfalls? If so, they must be identified and addressed.
- Is the plan reflecting structural changes in the facility (including the leased premises)?
- Are photographs, blueprints of the property and other records and documents up to date?
- Are the names, telephone numbers and responsibilities of the team members up to date?
- Does the plan consider ongoing changes in the occupant profile?

**PRACTICE DRILLS SHOULD BE ANNOUNCED IN ADVANCE TO GIVE TEAM MEMBERS A CHANCE TO WALK THROUGH THEIR ROLES.**

## MAKE INFORMATION PORTABLE AND UNIVERSALLY ACCEPTABLE.

When reviewing the team's performance, encourage everyone to speak freely by pointing out areas that need improvement, while also applauding good performance. If parts of the plan did not work effectively, the plan should be revised and the staff should be retrained accordingly. It's also beneficial to have a suggestion box for others in the building that participated in the drill but were not members of the emergency management team—they could have observed something that might be valuable for the team.

In addition to evaluating and possibly modifying the emergency procedures plan after each training drill, it is imperative to evaluate it under the following circumstances:

- After each actual emergency
- When personnel responsibilities change (e.g., via promotion or reassignment)
- When the layout of the facility changes
- When policies and procedures change
- When annual audits of the property's maintenance and emergency equipment are conducted

Some cities stage mock disasters with mass casualties to test their emergency response capabilities—for instance, fire department, police department, 911 system, paramedics or trauma centers—and help work out problems with responses. Encourage residents to participate as volunteers or mock victims in staged emergency situations. By either participating or observing these mock disasters, it might provide a better idea of how different types of emergency situations are handled, especially in terms of evacuation and communicating orders. ■

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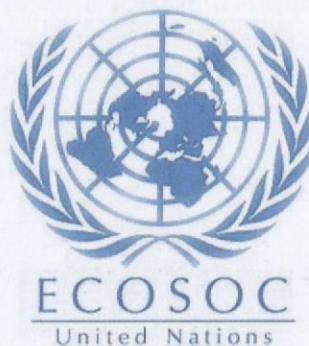
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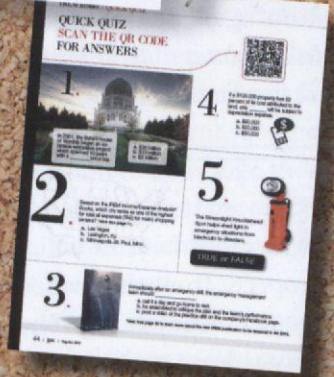


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■ Japan is quickly adopting THE MASTER LEASE as a preferred model for residential housing [p.56]. ■ Submit your nominations for the IREM Foundation PROFESSIONAL RECOGNITION AWARDS for property managers [p.58]. ■ CONGRATULATIONS to the new CPM Members [p.60]. ■ Check out the new MEMBERSHIP FIGURES [p.60]. ■ Have you registered for your courses? See COURSE LISTINGS for Sep.Oct [p.62].



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## THE MASTER LEASE

*The master lease is quickly becoming the preferred model for residential housing in Japan. Although it involves more risk, a management company taking on a master lease also increases its potential for profitability. Here, Teruo Suenaga, CPM, explains how the master lease model works.*

The master lease model—known in Japan as the sublease model—is an arrangement in which a management company leases an entire rental property from the owner and then subleases it to third parties. The management company becomes the sole tenant, providing income to the owner. Master lease management consists of two types of contracts: master leases and subleases. The management company is the responsible party on the contracts with the lessor (the owner) and sublessees (the tenants). While master leases exist in the U.S., they are mainly used for office and not residential properties.

The master lease model is beneficial for the owner because it guarantees a steady rental income, while providing full leasing and management services to the property. With this lease model, owners receive a level of monthly income from rent as stipulated in the contract, regardless of vacancies and tenant delinquencies. As the sublessor, the management company takes on the duties usually assumed by the owner such as marketing, screening, rent collection, tenant service and repairs.

### A HISTORY OF GROWTH IN THE CITY

Master lease management began in Japan around 1970 as a way to mitigate risk in apartment construction. When owners received loans from banks, management companies guaranteed rental income through master leases, assuring the owner of income to make monthly loan payments.

Due to the large number of smaller individual owners and the lack of

REIT's and specialized property management companies in Japan, master lease management spread largely in metropolitan areas. At present, some banks even require master lease contracts with a conglomerate management company as a condition for apartment loans.

Among the 48 million residences in Japan, 13.4 million, or 28 percent, are located in privately-owned rental buildings. Among the top 800 residential rental management companies, roughly 60 percent of them engage in master lease managements with about 30 percent of the total managed units are done through master lease. Since larger management companies are aggressively engaged in master leasing, it is estimated that 2 to 2.7 million units (15–20 percent of the entire rental housing market) are managed using this model.



MASTER LEASE  
MANAGEMENT  
BEGAN  
IN JAPAN  
AROUND 1970  
AS A WAY TO  
MITIGATE RISK  
IN APARTMENT  
CONSTRUCTION.

## A GOLDEN STANDARD PRACTICE

In 2001, the Japanese government came out with a standard master lease contract to encourage master lease management. This contract obligates the owner to assume the position of the management company when the master lease expires in order to protect residents. Last year, the government also began registering rental housing management companies, including those that manage through master leases.

The term of a master lease varies from one year to thirty years. However, the sublessor usually has the option to cancel the contract if something goes awry. Therefore, the term of the contract is less important than the length of time that a fixed income from the leased property is guaranteed to the owner. The term of the fixed income is usually two to three years.

The owner's expense varies from contract to contract, but they are usually responsible for capital upgrades and some or most common area maintenance (CAM) expenses. A "free rent clause" reduces the rent of the master lease every time a sublease is not renewed for a certain period of time (such as 15, 30 or 60 days).

## TARGETING HEALTHY DEVELOPMENT

Master lease rent is usually set around 80–90 percent of gross potential income (GPI). The construction company, however, often requests a higher level of rent. As a result, most master lease properties tend to be newly constructed buildings in good locations with less of a difference between GPI income and net operating income (NOI). While older properties in less favorable locations have a higher demand for master lease management, companies are reluctant to enter into these contracts. Setting an appropriate rental rate, both initial and renegotiated, is still an issue.

Japan's falling birthrate and a prolonged deflationary economy has given many owners concerns about the future of the rental housing market. Especially among aging owners, reliance on master lease management is increasing. In 2009, a professional organization of master lease management companies called the Master Lease Business Council was established with the objective of increasing the master lease model and overseeing its healthy development. ■



TERUO SUENAGA, CPM  
CEO, AMIX, INC.  
TOKYO, JAPAN

# Promoting Professionalism

SUBMIT YOUR 2012  
NOMINATIONS FOR  
THE IREM FOUNDATION  
PROFESSIONAL  
RECOGNITION AWARDS  
BY SEPTEMBER 10.  
visit [www.iremfoundation.org](http://www.iremfoundation.org)

IREM is fortunate to count among its ranks many outstanding real estate management professionals who work tirelessly to make valuable contributions to the organization and the industry. These individuals show extraordinary dedication to the real estate management profession and, in so doing, enhance the stature of the profession.

That's why we seek to identify the most influential players in the industry. The IREM Foundation recognizes the importance of showcasing the many outstanding contributions being made and providing the public with a better understanding of the work done to benefit the industry.

The Professional Recognition Awards are just one way we show people how much we value what they contribute. To recognize those who truly go above and beyond to make major contributions to the real estate manage-

ment industry, the Foundation created the Lloyd D. Hanford, Sr. Distinguished Faculty Award, the Louise L. and Y.T. Lum Award and the J. Wallace Paletou Award.

Each award promotes professionalism and excellence as a recognition of achievement.

Throughout the years, the following awards have been given to some of the industry's most admirable recipients.

## Louise L. and Y.T. Lum Award

2010 – Beverly A. Roachell, CPM  
2009 – Noriaki Shiomi, CPM  
2009 – Yoshitaka Sadamura, CPM  
2007 – Richard F. Muhlebach, CPM  
2006 – John W. Magnuson, CPM  
2002 – Glenn L. French, CPM  
1999 – Joseph W. DeCarlo, CPM  
1996 – Barbara L. Holland, CPM  
1995 – Floyd M. Adashek, CPM  
1992 – Robert K. Beal, CPM  
1991 – Douglas F. Collins, CPM  
1989 – Joseph C. Murray, CPM  
1985 – Ronald Vukas  
1984 – Lillian E. Bowen, CPM  
1983 – Aaron M. Chaney, CPM  
1982 – Edward N. Kelley, CPM

1985 – Tan Tek Lum, CPM  
1984 – Joseph T. Aveni, CPM  
1982 – Eugene J. Burger, CPM  
1981 – Lloyd D. Hanford, Jr., CPM  
1980 – J. Russell Doiron, CPM  
1979 – James C. Downs, Jr., CPM  
1978 – Stanley W. Arnheim, CPM  
1977 – William Walters, Jr., CPM  
1976 – Paul H. Rittle, Sr., CPM  
1975 – Aaron M. Chaney, CPM  
1974 – H. R. Crawford, CPM  
1973 – Lloyd D. Hanford, Sr., CPM  
1972 – Carter Dugess  
1971 – Joseph C. Murray, CPM

## Lloyd D. Hanford Sr. Distinguished Faculty Award

2011 – John W. Magnuson, CPM  
2010 – Steven K. Easton, CPM  
2009 – Stephen M. Cary, CPM  
2008 – Richard F. Muhlebach, CPM  
2007 – Leonard I. Frenkil, CPM  
2006 – Jo Anne Corbitt, CPM  
2005 – Kenneth Goodacre, CPM  
2003 – Glenn L. French, CPM  
2001 – Otto Gene Powell, CPM  
1999 – Julia A. Banks, CPM  
1998 – Franz Janicek, Jr., CPM  
1997 – Barbara L. Holland, CPM  
1996 – Eugene J. Burger, CPM  
1995 – Edward F. McBride, Jr., CPM  
1994 – William E. Borsari, CPM  
1992 – R. Bruce Campbell, CPM

1991 – Theodore C. Weiland, CPM  
1990 – Leon A. Klein, CPM  
1989 – Edward N. Kelley, CPM  
1987 – Albert C. Harmon, CPM  
1986 – Robert D. Demson, CPM  
1984 – Donald E. Patterson, CPM  
1983 – Lloyd D. Hanford, Jr., CPM

## J. Wallace Paletou Award

2011 – Charles A. Achilles  
2010 – Robert K. Beal, CPM  
2007 – Leon A. Klein, CPM  
2005 – Carl R. Green, CPM  
2002 – Thomas P. Costello, CPM  
2001 – George F. Allen, Jr., CPM  
1998 – Joseph T. Aveni, CPM  
1997 – George Knight  
1996 – Robert O. Boulter, CPM  
1994 – Vincent Lane  
1990 – G. Lindsey Crump, CPM  
1987 – Theodore R. Britton, Jr., CPM  
1986 – George M. Brooker, CPM

Do you know someone deserving professional recognition for significant contributions to the real estate management industry? Help us identify the next recipients of these awards by nominating someone today.

Nominations may be submitted to the Foundation year-round, with a 2012 consideration deadline of **September 10**. Meritorious nominees not selected in a given year may be held over for consideration by the Awards Committee for next year. When accepted, the award is typically presented during the IREM Leadership and Legislative Summit.

VISIT [WWW.IREMFUNDATION.ORG](http://WWW.IREMFUNDATION.ORG)  
TO FIND OUT MORE ABOUT THE IREM  
FOUNDATION AND TO DOWNLOAD  
NOMINATION FORMS.

## Career Moves



Brandon Lewis, CPM Candidate, has been named the portfolio manager of 201 East Franklin Street, a 19,028 square foot office building in Richmond, Va., on behalf of Cushman & Wakefield-Thalhimer. Cushman & Wakefield-Thalhimer was chosen by the property owner, Jemal's Chamber of Commerce, LLC to manage the property.

## Awards and Recognition

**P**roperty Management, Inc.'s Market Square Plaza has earned the EPA's ENERGY STAR certification for 2012, signifying that the Harrisburg, Pa., building performs in the top 25 percent of similar facilities nationwide for energy efficiency, meeting strict energy efficiency performance levels.

"We are pleased to accept EPA's ENERGY STAR certification in recognition of our energy efficiency efforts," said Gary Brandeis, Market Square Plaza's ownership representative. "Through this achievement, we have demonstrated our commitment to environmental stewardship by reducing our energy consumption and costs."

**C**assidy Turley has been selected by Clarion Partners, LLC to provide property management services for Chevy Chase Pavilion—an 894,921 square foot mixed-use project in Washington, DC.

"We are thrilled that Clarion Partners has entrusted us with the management of this world-class asset," said Bill Grillo, senior managing director with Cassidy Turley. "We look forward to enhancing the value of the property, including both tenant and customer experiences with our best-in-class property management services."

Earlier this year, Clarion Partners also selected Cassidy Turley to provide property management services for the McPherson Building, a 239,174 square foot Class A office building also located in Washington.

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# New CPM Members



## June

Timur Bogdanenko, CPM	Katherine Luu Nguyen, CPM
Anton Burykin, CPM	George Openhym, CPM
Mary Louise Conlan, CPM	Brice W. Pelfrey, CPM
Jerome Alan Fink, CPM	Leslie Dierolf Pinkham, CPM, ARM
Leslie Joan Haselden, CPM, ARM	Michael A. Plesnitzer, CPM
Dasan L. Holloway, CPM	Carrie Rollins, CPM
Shawn A. Lappan, CPM	Cat J. Seagle, CPM
Brandon Ely Lewis, CPM, ACOM	Brett William Shockey, CPM
Barry Lee Meckelberg, CPM, ARM	Tamara Ann Simonds, CPM
Ziyad "Zach" W. Mneimneh, ACOM	Justin D. Stratman, CPM
Nelson S. Nakata, CPM	Mark W. Van Tilburg, CPM

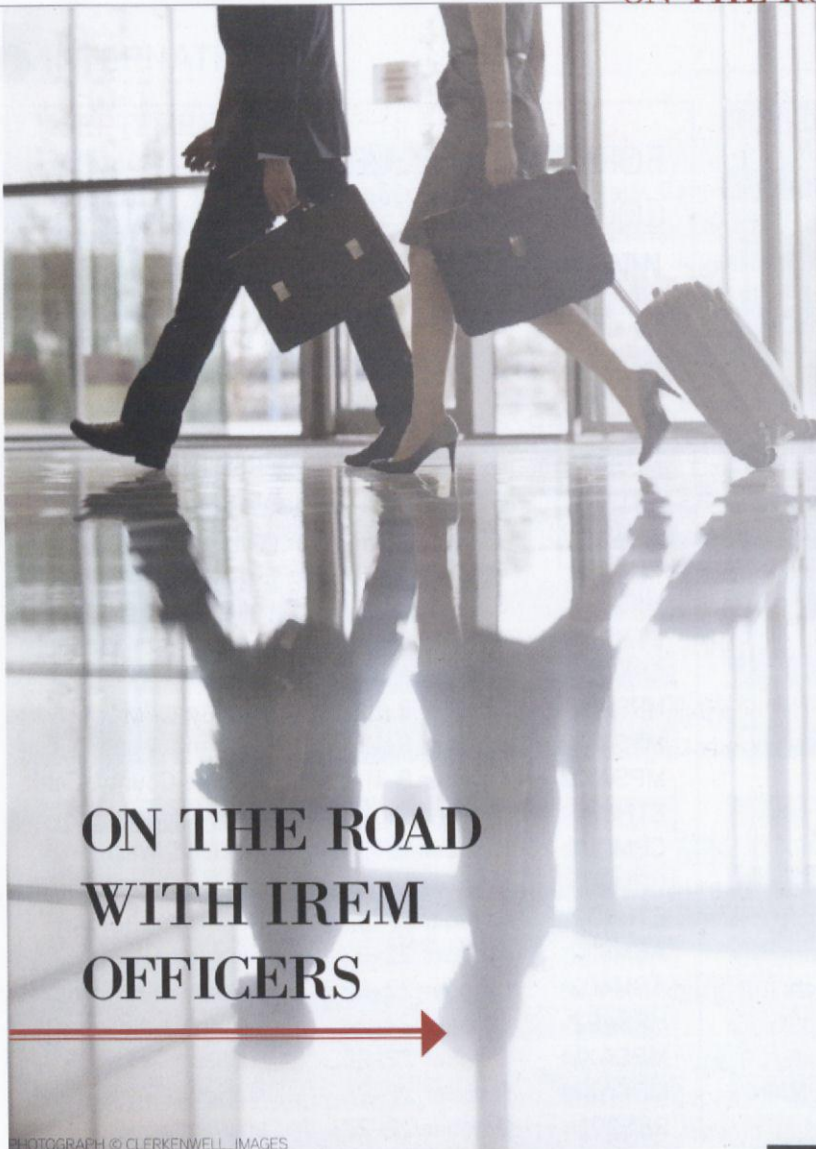
## July

Tammy Bauer, CPM  
 Debra R. Christopher, CPM  
 Benjamin Allyn Crane, CPM, ARM  
 Efthimios (Tim) Efthimiou, CPM  
 Paul Ferraro, CPM  
 Anna M. Mancl, CPM  
 Laura J. Mejia, CPM  
 Kim Eileen Moody, CPM  
 Nancy W. Taylor, CPM  
 Robert Gregory Wright, CPM

## IREM Membership Figures

Here are the mid-year membership numbers, including all membership types for the United States and worldwide:

CPM MEMBERS: ..... 8,331  
 CPM CANDIDATES: ..... 3,063  
 ARM MEMBERS: ..... 3,411  
 ASSOCIATE MEMBERS: ..... 1,442  
 ACoM MEMBERS: ..... 104  
 STUDENT MEMBERS: ..... 187  
 ACADEMIC MEMBERS: ..... 21  
**TOTAL MEMBERS: ..... 16,559**  
 AMO HEADQUARTERS: ..... 557  
 AMO BRANCHES: ..... 594



**ON THE ROAD  
WITH IREM  
OFFICERS**

- September 10**  
Boston Metropolitan Chapter No. 4  
Location: Boston, Mass.  
Visiting Officer: Jim Evans, CPM, President
- September 13**  
Northern Ohio Chapter No. 41  
Location: Cleveland  
Visiting Officer: Joseph Greenblatt, CPM,  
Secretary/Treasurer
- September 19**  
Western North Carolina Chapter No. 40  
Location: Charlotte, N.C.  
Visiting Officer: Jim Evans, CPM, President
- September 20**  
New Mexico Chapter No. 46  
Location: Albuquerque, N.M.  
Visiting Officer: Joseph Greenblatt, CPM,  
Secretary/Treasurer
- September 27**  
East Tennessee Chapter No. 57  
Location: Lehigh City, Tenn.  
Visiting Officer: Elizabeth H. Machen, CPM,  
President-Elect
- September 27**  
Western Pennsylvania Chapter No. 7  
Location: Pittsburgh  
Visiting Officer: Joseph Greenblatt, CPM,  
Secretary/Treasurer
- October 2**  
Houston Chapter No. 28  
Location: Houston  
Visiting Officer: Elizabeth H. Machen, CPM,  
President-Elect
- October 25**  
Milwaukee Chapter No. 13  
Location: Milwaukee  
Visiting Officer: Joseph Greenblatt, CPM,  
Secretary/Treasurer

For a more comprehensive calendar of chapter visits, go to [www.irem.org/calendar](http://www.irem.org/calendar).

**AD INDEX**

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IREM ED	<a href="http://www.irem.org/selfpaced">www.irem.org/selfpaced</a>	13
IREM Fall Leadership Conference	<a href="http://www.irem.org/iflc">www.irem.org/iflc</a>	49
IREM Income/Expense Analysis®	<a href="http://www.irem.org/2012IE">www.irem.org/2012IE</a>	25
IREM Jobs.org	<a href="http://www.iremjobs.org">www.iremjobs.org</a>	21
IREM Member Rewards	<a href="http://www.irem.org/memberrewards">www.irem.org/memberrewards</a>	43
IREM Skill Builders	<a href="http://www.irem.org/skillbuilders">www.irem.org/skillbuilders</a>	49
London Computer Systems	<a href="http://www.rentmanager.com">www.rentmanager.com</a>	1
Maytag	<a href="http://www.maytagcommerciallaundry.com">www.maytagcommerciallaundry.com</a>	C2
MRI Software	<a href="http://www.content.mrisoftware.com/evolve">www.content.mrisoftware.com/evolve</a>	15
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Yardi	<a href="http://www.yardi.com/smart81">www.yardi.com/smart81</a>	C4

## SEPTMBER

RES201	September 5-14	Salt Lake City
ETH800	September 7	Kirkland, Wash.
ASM603	September 10-11	Vancouver, Wash.
ASM603	September 10-11	Rockville, Md.
MKL406	September 10-11	Houston
MPSAXM	September 10-13	New York
MPSAXM	September 10-13	Nashville, Tenn.
MPSAXM	September 10-13	Jackson, Miss.
RES201	September 10-15	New Orleans
ETH800	September 11	Austin, Texas
ETH800	September 12	Orange County, Calif.
ASM604	September 12-13	Vancouver, Wash.
ASM604	September 12-13	Rockville, Md.
FIN402	September 12-13	Indianapolis
HRS402	September 12-13	Houston
RES201	September 12-21	Southern, N.J.
BDM601	September 13-14	San Diego
ETH800	September 14	Indianapolis
ASM605	September 14	Vancouver, Wash.
ASM605	September 14	Rockville, Md.
CPM001	September 14	New York
CPM001	September 14	Nashville, Tenn.
CPM001	September 14	Jackson, Miss.
ASM603	September 17-18	San Francisco
ASM603	September 17-18	Chandler, Ariz.
MPSAXM	September 17-20	Southfield, Mich.
MPSAXM	September 17-20	Omaha, Neb.
RES201	September 17-22	Scranton, Pa.
RES201	September 17-22	Golden Valley, Minn.
FIN402	September 18-19	Los Angeles
ETH800	September 19	Milwaukee
ASM604	September 19-20	San Francisco
ASM604	September 19-20	Chandler, Ariz.
RES201	September 19-28	Braintree, Mass.
MNT402	September 20-21	Los Angeles
ASM605	September 21	San Francisco
ASM605	September 21	Chandler, Ariz.
CPM001	September 21	Southfield, Mich.
CPM001	September 21	Omaha, Neb.
MKL405	September 24-25	Omaha, Neb.
MPSAXM	September 24-27	Denver
FIN402	September 25-26	Golden Valley, Minn.
ETH800	September 26	Oak Brook, Ill.
HRS402	September 26-27	Omaha, Neb.
ETH800	September 27	Jacksonville, Fla.
ETH800	September 27	Rochester, N.Y.
CPM001	September 28	Denver

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## OCTOBER

MPSAXM	October 1-4	Charlotte, N.C.
MKL404	October 2-3	St. Louis
ETH800	October 3	St. Petersburg, Fla.
HRS402	October 4-5	St. Louis
MKL406	October 4-5	Los Angeles
ETH800	October 5	San Diego
CPM001	October 5	Charlotte, N.C.
HRS402	October 8-9	Los Angeles
MPSAXM	October 8-11	Kirkland, Wash.
MPSAXM	October 8-11	Orange County, Calif.
ETH800	October 11	San Antonio
CPM001	October 12	Kirkland, Wash.
CPM001	October 12	Orange County, Calif.
ETH800	October 15	Baltimore
ASM603	October 22-23	Sacramento
ASM603	October 22-23	Golden Valley, Minn.
HRS402	October 22-23	Columbia, S.C.
MPSAXM	October 22-25	Addison, Texas
MPSAXM	October 22-25	Marietta, Ga.
RES201	October 22-27	Milwaukee
RES201	October 22-27	Vancouver, Wash.
ETH800	October 23	Los Angeles
ETH800	October 23	New York
ETH800	October 24	Columbia, S.C.
ASM604	October 24-25	Sacramento
ASM604	October 24-25	Golden Valley, Minn.
RES201	October 24-Nov. 2	San Diego
HRS402	October 25-26	Rochester, N.Y.
ASM605	October 26	Sacramento, Calif.
ASM605	October 26	Golden Valley, Minn.
CPM001	October 26	Addison, Texas
CPM001	October 26	Marietta, Ga.
ETH800	October 27	Addison, Texas
MPSAXM	October 29-Nov. 1	Oak Brook, Ill.
MPSAXM	October 29-Nov. 1	Washington
ETH800	October 29	Marietta, Ga.
FIN402	October 30-31	Cranston, R.I.



**INTERNATIONAL**

**SEPTEMBER**

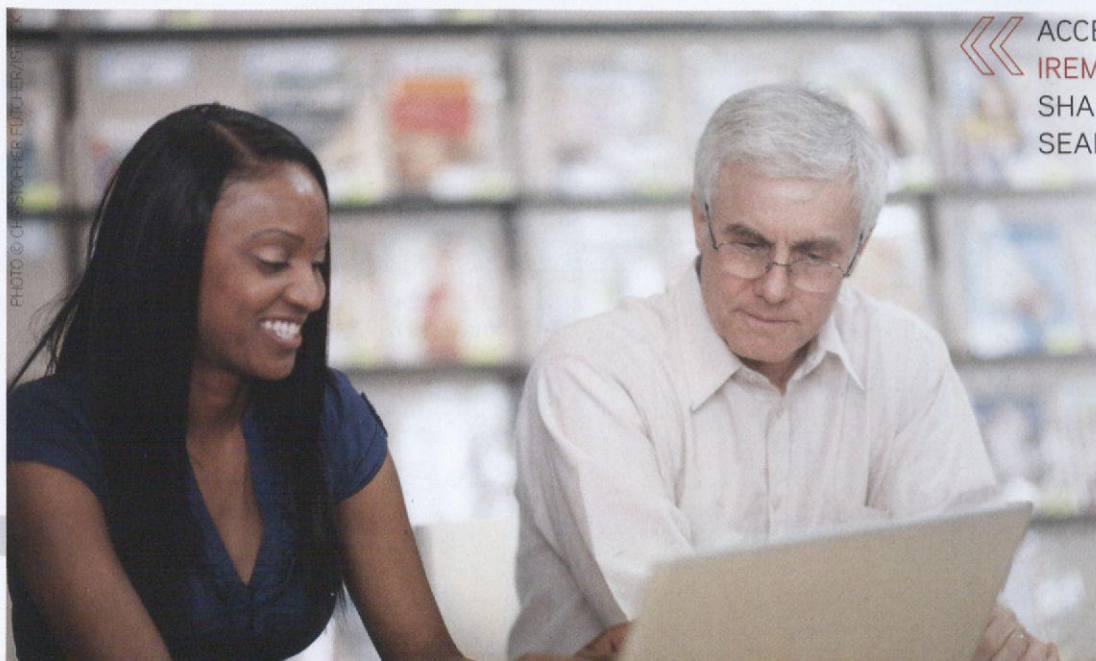
ASM603	September 5-6	Tokyo
RES201	September 7-21	Calgary, Canada
CID201	September 10-14	Edmonton, Canada
ASM603	September 11-12	Fukuoka, Japan
RES201	September 13-21	Edmonton, Canada
ARMEXM	September 15	Edmonton, Canada
ASM604	September 19-20	Tokyo
ASM605	September 21	Tokyo
ARMEXM	September 22	Calgary, Canada
ARMEXM	September 22	Edmonton, Canada
ETH800	September 26	Moscow
ASM603	September 26-27	Sofia, Bulgaria
MKL406	September 27-28	Moscow
ASM604	September 28-29	Sofia, Bulgaria
ASM604	September 28-29	Fukuoka, Japan
HRS402	September 29-30	Moscow
ASM605	September 30	Sofia, Bulgaria
ASM605	September 30	Fukuoka, Japan

**OCTOBER**

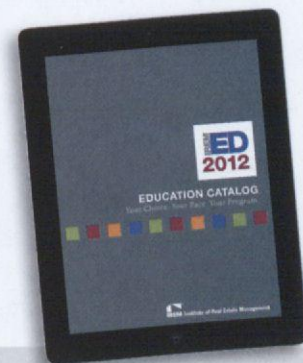
CID201	October 1-5	Toronto
ASM603	October 2-3	St. Petersburg, Russia
CPM001	October 3	Tokyo
CPMEXM	October 4	Tokyo
ASM604	October 4-5	St. Petersburg, Russia
ARMEXM	October 6	Toronto
ASM605	October 6	St. Petersburg, Russia
CPM001	October 6	Fukuoka, Japan
CPMEXM	October 7	Fukuoka, Japan
MKL404	October 8-9	Warsaw, Poland

**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 // Leadership and Human Resource Essentials
- 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 // Managing the Physical Asset
- MPSAXM // Management Plan Skills Assessment
- RES201 // Successful Site Management



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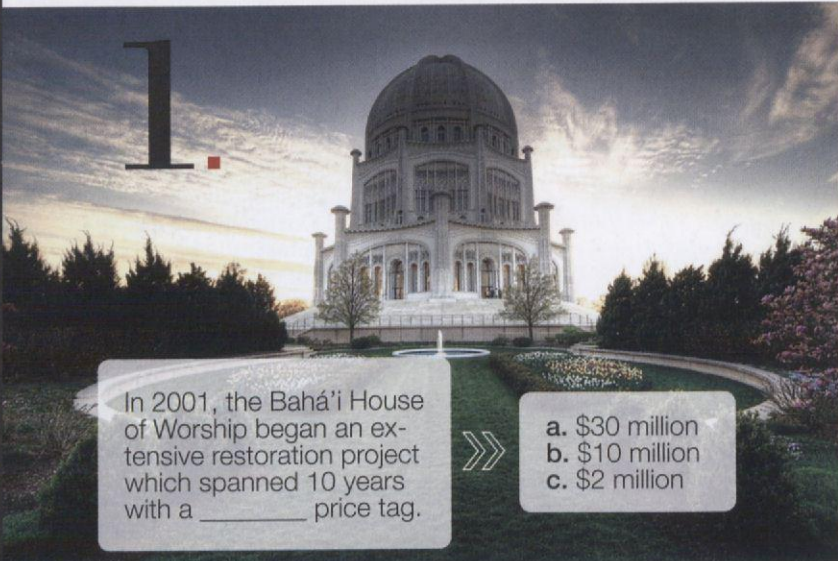
# QUICK QUIZ

## SCAN THE QR CODE

### FOR ANSWERS



# 1.



In 2001, the Bahá'í House of Worship began an extensive restoration project which spanned 10 years with a \_\_\_\_\_ price tag.



- a. \$30 million
- b. \$10 million
- c. \$2 million

# 4.

If a \$100,000 property has 50 percent of its cost attributed to the land, only \_\_\_\_\_ will be subject to depreciation expense.

- a. \$90,000
- b. \$20,000
- c. \$50,000



# 2.

Based on the IREM Income/Expense Analysis® Books, which city ranks as one of the highest for total all expenses (TAE) for metro shopping centers? **\*Hint: See page 11.**

- a. Las Vegas
- b. Lexington, Ky.
- c. Minneapolis–St. Paul, Minn.

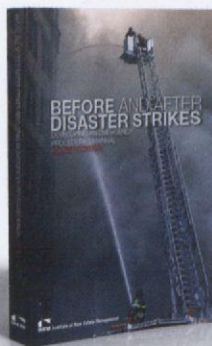
# 5.

The Streamlight Knucklehead Spot helps shed light in emergency situations from blackouts to disasters.



**TRUE or FALSE**

# 3.



Immediately after an emergency drill, the emergency management team should \_\_\_\_\_

- a. call it a day and go home to rest.
- b. be assembled to critique the plan and the team's performance.
- c. post a video of the practice drill on the company's Facebook page.

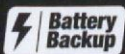
**\*Hint: See page 50 to learn more about the new IREM publication to be released in fall 2012.**



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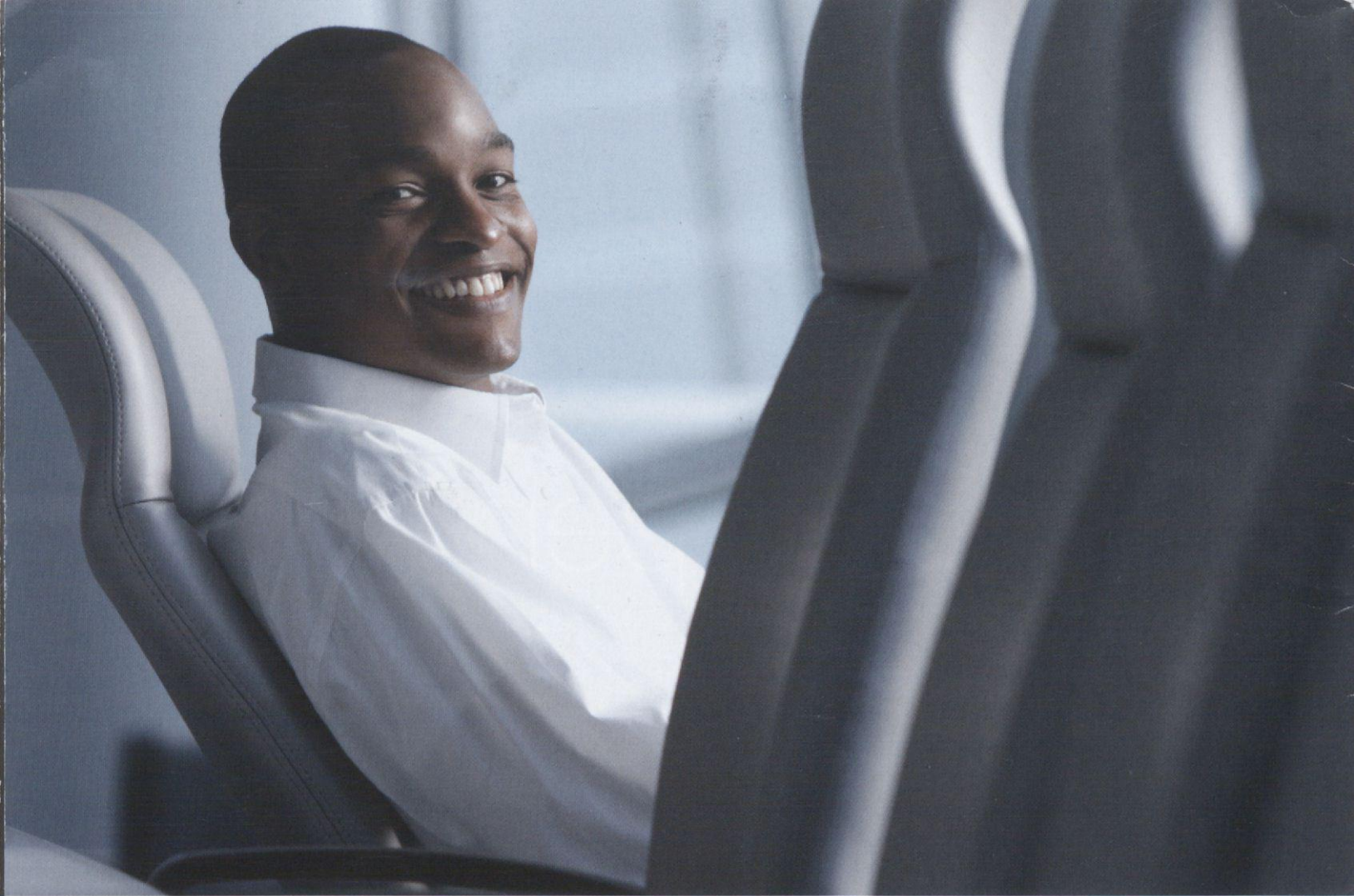
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