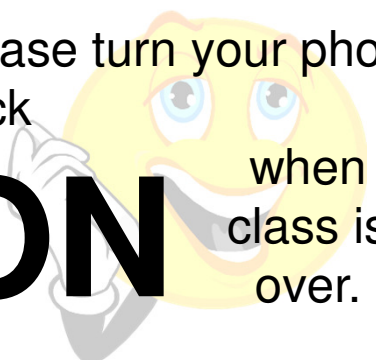


Please turn your phone
back


ON when
class is
over.



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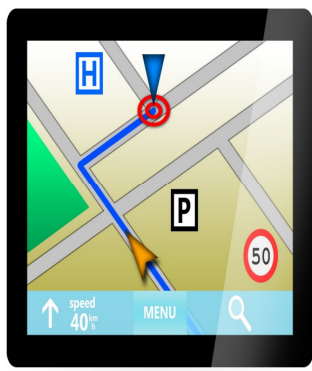
1

**Building a Property
Management
Infrastructure**



Robert M. Locke, RMP, MPM

2



Agenda

- The Structure of Property Management
- The laws
- PMA styles
- Break
- 4 lease formats
- 6 building blocks

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3




Housekeeping

I'm not your broker, attorney or commissioner
Don't believe everything I tell you

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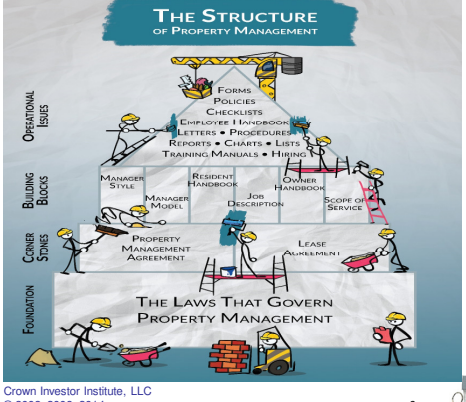


35 Years
Sold in 2015
Now a vendor
Sell documents
Consulting

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THE STRUCTURE OF PROPERTY MANAGEMENT



OPERATIONAL ISSUES: FORMS, POLICIES, CHECKLISTS, EMPLOYEE HANDBOOK, LETTERS, PROCEDURES, REPORTS, CHARTS, LISTS, TRAINING MANUALS, Hiring

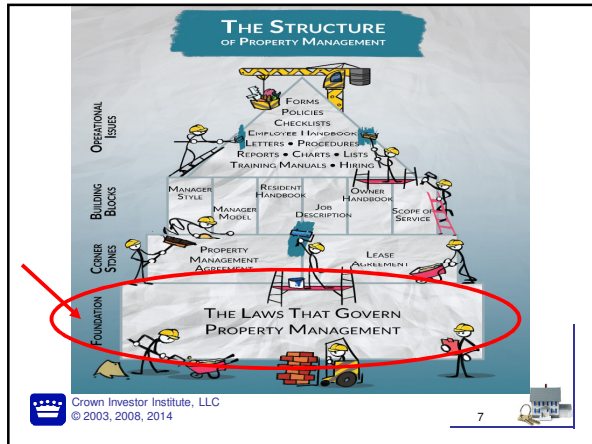
BUILDING BLOCKS: MANAGER STYLE, RESIDENT HANDBOOK, OWNER HANDBOOK, JOB DESCRIPTION, SCOPE OF SERVICE

CORNER STONES: PROPERTY MANAGEMENT AGREEMENT, LEASE AGREEMENT

FOUNDATION: THE LAWS THAT GOVERN PROPERTY MANAGEMENT

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Laws That Govern Property Management

PROPERTY MANAGEMENT

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8

Laws That Govern Property Management

CONTRACT

PROPERTY MANAGEMENT

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Laws That Govern Property Management

CONTRACT FAIR HOUSING

PROPERTY MANAGEMENT

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Laws That Govern Property Management

CONTRACT FAIR HOUSING

PROPERTY MANAGEMENT

EPA

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11 


Laws That Govern Property Management


CONTRACT FAIR HOUSING

PROPERTY MANAGEMENT

EPA

ADA

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Laws That Govern Property Management

A central yellow box labeled "PROPERTY MANAGEMENT" is surrounded by six colored boxes representing laws: "CONTRACT" (blue), "FAIR HOUSING" (green), "EPA" (purple), "ADA" (orange), and "FCRA" (pink). The boxes are arranged in a stepped pattern around the central box.

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Laws That Govern Property Management

A central yellow box labeled "PROPERTY MANAGEMENT" is surrounded by seven colored boxes representing laws: "CONTRACT" (blue), "FAIR HOUSING" (green), "EPA" (purple), "ADA" (orange), "AGENCY" (purple), and "FCRA" (pink). The boxes are arranged in a stepped pattern around the central box.

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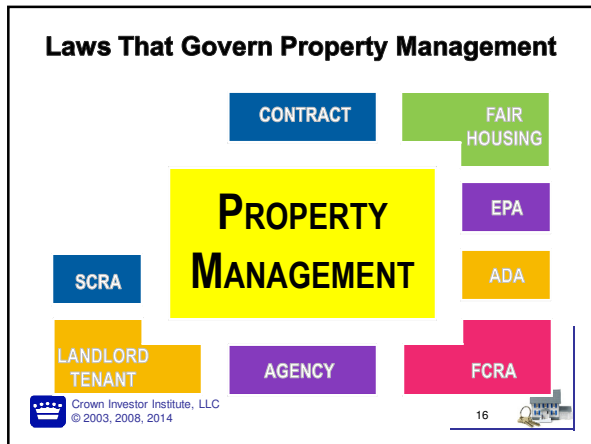
14

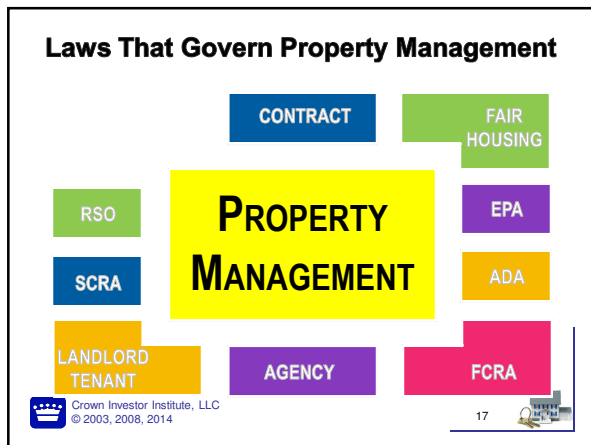
Laws That Govern Property Management

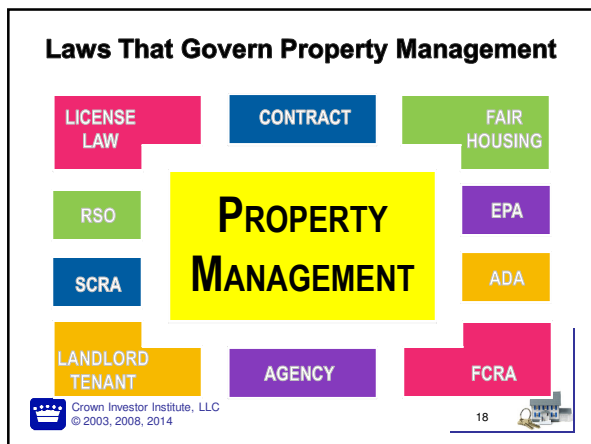
A central yellow box labeled "PROPERTY MANAGEMENT" is surrounded by eight colored boxes representing laws: "CONTRACT" (blue), "FAIR HOUSING" (green), "EPA" (purple), "ADA" (orange), "LANDLORD TENANT" (orange), "AGENCY" (purple), and "FCRA" (pink). The boxes are arranged in a stepped pattern around the central box.

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Laws That Govern Property Management

LICENSE LAW CONTRACT FAIR HOUSING

RSO EPA

SCRA ADA

LANDLORD TENANT AGENCY FCRA

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Laws That Govern Property Management

LICENSE LAW CONTRACT FAIR HOUSING

RSO EPA

SCRA ADA

LANDLORD TENANT AGENCY FCRA

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Owner God

Sales Agents

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Contract Trust License

Agency Fair

Owner God

Sales Agents

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Contract Trust License

Agency Fair

Owner God

Sales Agents

Leasing & Property Management

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Contract Trust License

Agency Fair FCRA

Owner God

Sales Agents

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Contract Trust License LTA

Agency Fair FCRA

Leasing & Property Management

Owner God

Sales Agents

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Contract Trust License LTA ADA

Agency Fair FCRA

Leasing & Property Management

Owner God

Sales Agents

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Contract Trust License LTA ADA SMRA

Agency Fair FCRA

Leasing & Property Management

Owner God

Sales Agents

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Contract Trust License LTA ADA SMRA LEAD

Agency Fair FCRA

Owner God

Sales Agents

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Contract Trust License LTA ADA SMRA LEAD

Agency Fair FCRA RED

Owner God

Sales Agents

Leasing & Property Management

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Contract Trust License LTA ADA SMRA LEAD

Agency Fair FCRA RED

Owner God

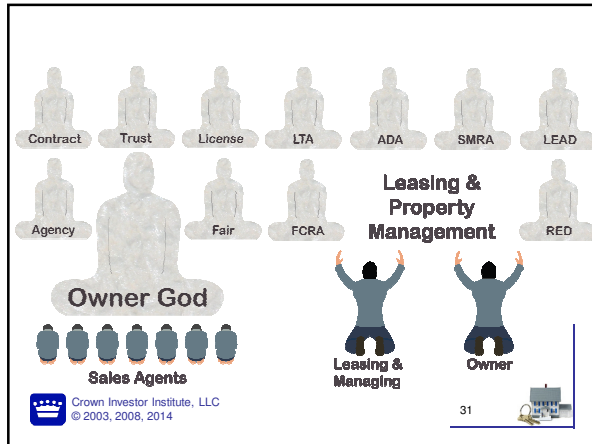
Sales Agents

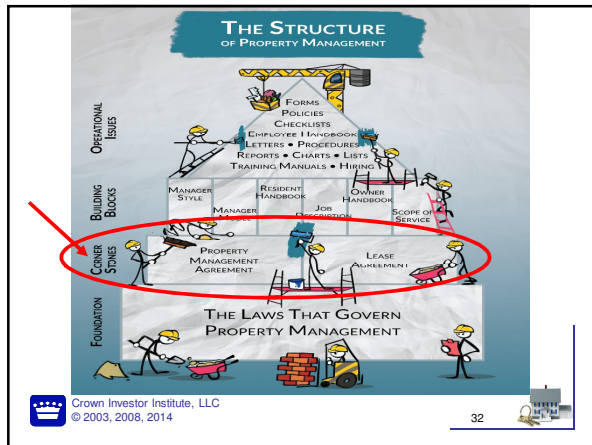
Leasing & Property Management

Leasing & Managing


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What does the word *AGENT* mean?


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Small "a" vs Big "A" Agency







agent	Agent
Listing for Sale	Stand in their Shoes
Execute	Act as Them
Assistant	Authority in PMA
Make No Decisions	


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Where Do You Operate?

agent	Agent
	Locked Into a Sales Mindset

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Where Do You Operate?

agent ————— Agent

**Experience
in Property
Management**

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Where Do You Operate?

agent ————— Agent

**Your
Personality
Timid vs.
Assertive**

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Question?

agent ————— Agent

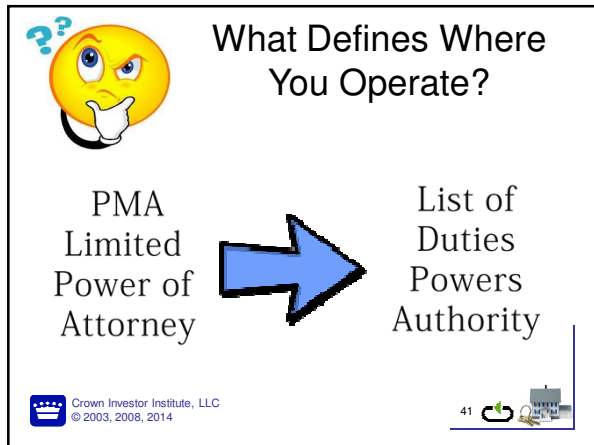
**Where
Should
You
Operate?**

**No One Can Tell You
It Shifts Over Time**

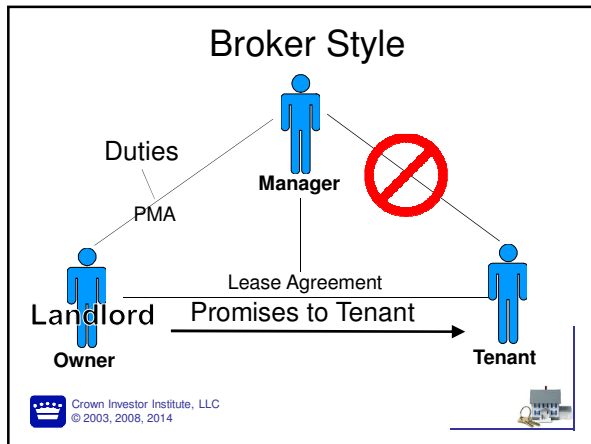
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Characteristics

1. Owner hires manager
2. Lease is between owner and tenant
3. Owner is identified as Landlord in the lease

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Characteristics

4. Manager has no legal relationship with the tenant
5. Manager is in an “assistant” role to the owner
6. Manager is looking to owner for direction

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Pros**Cons**

1. I'm comfortable as an assistant to the owner.
2. I feel safer if the owner makes all the decisions.
3. The owner likes being in control.

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Pros **Cons**

4. I can easily adopt my industry- standard forms.
5. Manager is constantly having to educate the owner on what the law requires and what they should do.
6. Owner feels in control, embolded, and often communicates with the tenant.

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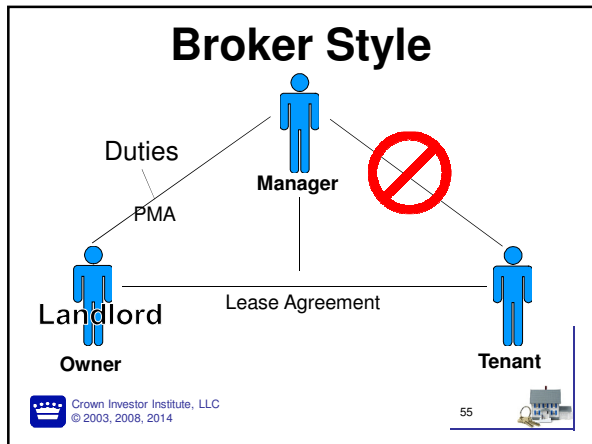
Pros **Cons**

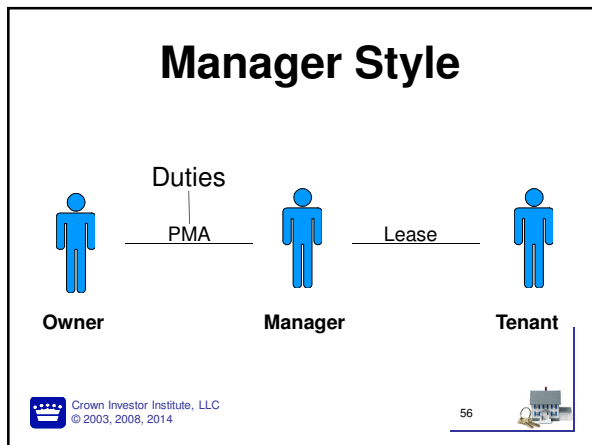
7. Tenant hears 2 voices
8. Manager is referee but is paid by the owner.
9. The manager's risk is elevated because the owner is making decisions.

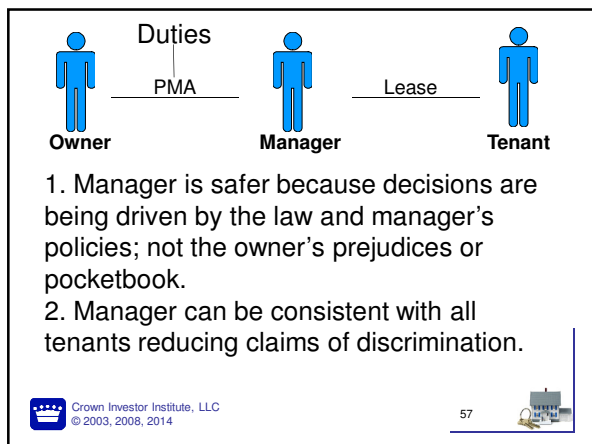
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**There is a Hidden Liability
in this Structure**

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Owner — Duties — Manager — Lease — Tenant

Owner — PMA — Manager

3. Managers must act in the owner's best interest.
4. Tenant hears one voice which reduces chaos.

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Which Style is Better?

Either style will work.
Everybody defends the style they choose.
Many switch.
The big issue is **who is in charge.**


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Why Do Managers Shift to the Manager Style?

Owner doesn't know
The more owner is involved, the harder it is
The higher the liability
Manager is in more control

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Why Do Managers Shift to the Manager Style?



We shift over time to what works
What's easier, safer and faster
More profitable
More scalable.


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Here's Your Assignment



Identify your current style
Identify the duties, promises, and authority you have given yourself in your PMA
Who's in charge?

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Is That What I Intended?
Is That What I Want?

63



What the management agreement says
vs
How you practice






Move to a Customized Management Agreement **ASAP!**



The
TAKEAWAY

Learn the laws that govern property management
2 property manager styles
What does the PMA say?
How do you want to practice?




Make a Conscious Decision to Function as
Broker Style
Manager Style
Small “a”
Big “A”.

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Building a Property Management Infrastructure



Robert M. Locke, RMP, MPM

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4 Ways to Configure a Lease



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Broker Style

Duties
 PMA
 Manager
 Lease Agreement
 Landlord (Owner) Tenant

Owner signs for self
Manager signs for company

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Broker Style

Duties
 PMA
 Manager
 Lease Agreement
 Landlord (Owner) Tenant

Manager signs FOR the owner
Manager signs for company

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Agent Signs for Owner

In the PMA owner permissions
 manager to sign as
 Limited Power of Attorney
 Attorney in Fact
 As Agent

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Owner hereby constitutes and appoints Manager as his/her true and lawful Attorney-in-Fact (or Limited Power of Attorney), for him/her and in his/her name, place and stead to negotiate, sign, seal, deliver a lease in his/her name, and manage the Property herein above described which leases, policies and procedures shall contain such provisions as the Manager shall deem proper and to do those acts on behalf of the Owner and in the Owner's name as permitted by the terms of this Agreement and the lease



Looks Like This

Owner

X Oscar P. Owner

By Mike Manager, his Attorney in Fact
(AIF, POA, Agent)

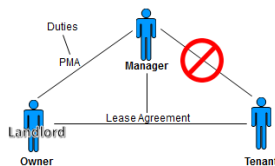
Master Manager, LLC

X Mike Manager

its Manager, Authorized Agent

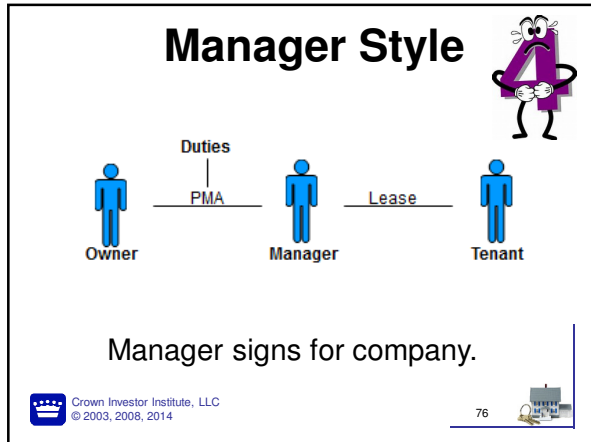


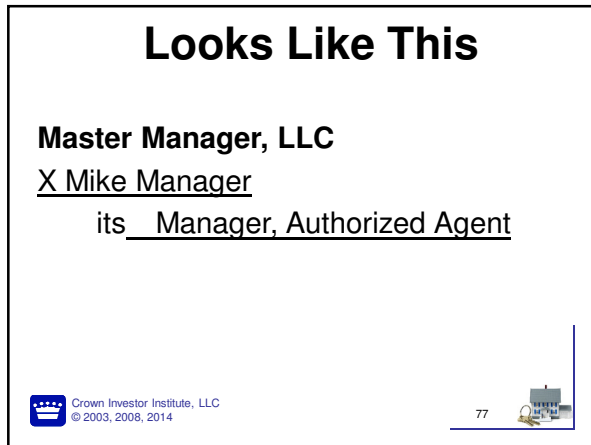
Broker Style



Owner signs for self
Manager doesn't sign.










4 Configurations

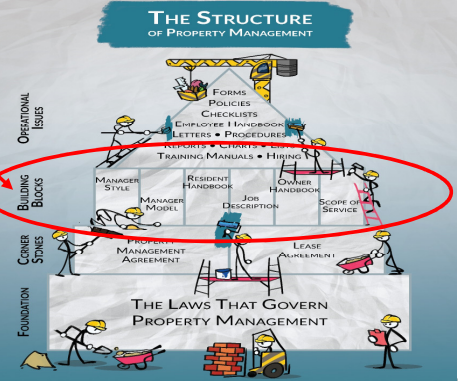


1. Owner signs as Landlord
2. Manager signs for the Owner
3. Manager does not sign
4. Manager only signs

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THE STRUCTURE OF PROPERTY MANAGEMENT



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Scope of Service

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Definition

Specific list of services you provide for the fees you charge.

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1. Owners don't know what property managers do for their monthly management fee
2. They automatically think it covers everything related to the property.

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3. You must put limits on the services you offer or you'll wrestle with the owner over what you should do for them
4. Owners often have multiple managers in different states.

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Group Exercise



What tasks are your owners asking you to do that are NOT part of property management?

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▶ Examples

<ul style="list-style-type: none"> Pay mortgage HOA dues Taxes Manage their vendors Manage rehab 	<ul style="list-style-type: none"> Insurance claims Big replacements Property line disputes HOA violations Utilities.
---	--

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Terms are Important



Owner's previously established 3rd-party relationships
Asset manager vs property manager.

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The Message

Your monthly management fee does **NOT** pay us to manage **EVERYTHING** related to the property!




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Reality

If you don't define it, they will and you won't like it

Build a Scope of Service.



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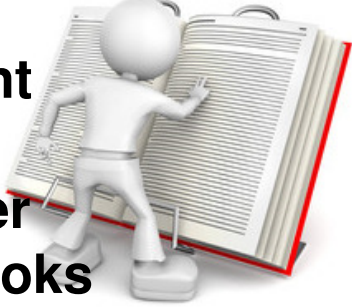
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Scope Of Service



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Tenant and Owner Handbooks

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PURPOSE

Answers the most common questions owners ask
Gives answers without talking to customers
Trains your staff.

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How to Build One

Ask staff
List them as customers ask
It's a marathon
Ask NARPM members /vendors.

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WARNING

You won't be able to use someone else's handbook.

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Property Manager's Job Description as the Owner Wishes it Could Be

Owner's Responsibilities (Nothing)

Manager's Responsibilities (Everything)

The Property Manager's Job Description

Inspector, Warrant, Rodents, Property, Landlord, Tenant, Owner, Closers, Project, Insurance Issues, Landscaping, Tenant Management, Appraisals, Deferred Maintenance, Pest Control, Old, HOA, Consent Orders, Termite, Meeting the Sheriff, Cash for Keys, Utilities, Skips, Appliance Warranty, Year-End Reporting, Property Line, Disputes, Sprinkler Systems, Move-Out Disputes, Zoning, Abandonment, Tenant Bankruptcies, IRS, Personal Property, ETC.



Property Manager's Job Description

Owner Responsibilities: What They Do

Shared Responsibilities: What We Work on Together

Manager Responsibilities: What You Do

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