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This publication is provided as a medium for the expression of individual opinion concerning management practice, procedure and topics allied thereto. The articles printed herein do not necessarily represent the endorsement of IREM or of the majority of its members excepting as such statements may be designated as approved by the Governing Council. The editors exercise only a general supervision of the material and assume no responsibility for opinions expressed by contributors whether or not the articles are signed.

Volume 37, Number 2, March/April 1972
IREM's 1972 President foresees a new era of cooperative effort on the part of those in real estate and governmental agencies, in which all must work together for a better understanding of the nation's housing needs. By assuming an active role in the planning and accomplishment of these goals—and not just by waiting for guidelines to be imposed upon him—the CPM will gain the benefits of mutual cooperation.

Let Your Contract Do the Talking
William D. Sally, CPM Page 55

A well-written management contract must be the foundation upon which a management firm conducts its business, for it assures all parties concerned in advance as to who handles what, when and how. Chicago CPM William Sally illustrates this point by examining, section by section, a management contract presently in use by his firm. He covers what the agent is expected to do, what the owner agrees to, management and leasing fees, and other related areas.

Servicing the Single-Family Residence Profitably (This Month's Cover)
Walter C. Mahaley Page 64

While some management companies may shrink back from the management of single-family homes, Mr. Mahaley details how his firm revitalized its policies concerning this type of management and made it a profitable enterprise. At the same time the firm provides a much needed service to the single-family home owner. Typical of the type of residence managed by Mr. Mahaley in Fairfax County, Virginia, is seen on the cover.

Maintaining Prestige to Meet Competition
Wallace H. Campbell, CPM Page 68

Threatened with a burst of new office building development, the long-prestigious Maryland National Bank Building in Baltimore faced unexpected vacancies and other related problems. However, because the building was still an attractive location, and by instituting a remodeling program and servicing existing tenants, the building has maintained its excellent position in the marketplace.
Developing Innovative Approaches to Computerized Property Management
Stephen A. Levine    Page 72

Based on his presentation at the IREM Miami Beach educational session last November, Mr. Levine details a data processing system for the management office which provides a full range of accounting and reporting functions. The article is illustrated with various charts and printouts of the type that can be produced with this system.

Guidelines for Assuming New Accounts
Stanley Barton, CPM    Page 80

Mr. Barton outlines 24 steps that the astute property manager should take when examining a new account as to its physical and financial condition as well as to the owner's objectives.

A Property Manager's Strategy for Pets in Apartments
Michael P. Petlik    Page 81

An ever-occurring problem in residential buildings has to do with the permissibility of pets on the premises. Mr. Petlik points out some of the reasons behind allowing animals and suggests a program which must be adopted and strictly adhered to in order to keep control of the situation. A sample "Pet Rider" accompanies the article.

Investment Upgrading
Stuart W. Kaiserman, CPM    Page 84

Mr. Kaiserman describes how new management instituted an upgrading program for an older but well-maintained highrise apartment building on Chicago's near north side. It revolved around a new leasing program which in turn financed a remodelling program for individual units and first-floor commercial areas.

Tenant Services Key to Total Office Building Environment
Irwin Daniels    Page 87

Today's office tenant expects as much service as the apartment resident and a "new town" approach of providing a total environment for occupants adds to the attractiveness of an office location. Mr. Daniels reports on how these elements plus other management services such as tele-communication with all building employees offer tenants complete service whenever needed.

Editorial: Rating Real Estate
Lloyd D. Hanford, Sr., CPM    Page 90

Mr. Hanford has developed a system for rating the investment potential of residential and commercial properties from AAAA to Z and he invites Journal readers to test the system and supply further points of reference.
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Management in the '70s

Those of us involved with any aspect of real estate as a profession have long known that we are at the same time involved with the government—not just the federal government but state, county, municipal, special district and even neighborhood jurisdictions. We deal regularly with zoning boards, license officials, regulated utilities, Model Cities boards and, of course, FHA.

We are confronted by aroused community groups who want to know what our plans are for their little part of the world. Sometimes these requests are valid and realistic and at other times they are far from it. But if you think you are involved with the government and your community at this point, I can only say, you haven't seen anything yet.

Real estate, and property management in particular, is without question moving closer to the federal government under which we operate and to the communities in which we serve. The 1970s will surely be the turning point in our profession as we stop merely tolerating government's activity in real estate and turn the tables to work with government toward a better understanding of the nation's need for housing.

It will be the decade in which the management profession either gains or loses the opportunity to develop a reputation for fulfilling our housing needs—not just for those who can compete for housing in the open market but for all Americans seeking decent shelter regardless of what they are able to pay. To the extent that we anticipate and act upon those needs will greatly determine the extent to which governmental bodies will dictate to our profession.

IREM and individual CPMs have already been making their services available to federal and local governments. We have studied the problems of public housing in larger cities; worked with hard-core unemployed members of minority groups, training them for jobs in the field of housing management; reached out as an educational organization to counsel sponsoring groups seeking to build subsidized housing projects; and taken part in the National Corporation of Housing Partnerships' Task Force on Housing Management.

IREM continues to increase its national courses each year. In 1972, 24 courses have been scheduled around the country. Courses, some of which are taught by CPMs, are presented in more than 75 colleges and universities, and IREM's community courses, with student groups of 25 to 30, are gaining momentum. These courses cover the basic principles of property management, investment theories and practices, management surveys for apartment and office buildings, feasibility studies, training the resident manager and managing the management office itself. IREM publications also continue an upward swing with each passing year.

These are laudable efforts but they are

Paul H. Rittle, Sr., CPM, is president of the Pittsburgh real estate firm of Rittle-Rosfeld, which he founded in partnership in 1945. He has played an active role in local and national real estate organizations, having served as president of the Pittsburgh Board of Realtors in 1966 and chaired the NAREB Make America Better Committee for the state of Pennsylvania. In 1967 he was selected Realtor of the Year by the Pittsburgh Board. Prior to being elected to IREM's highest office, he has been an IREM Course Director, a Regional Vice President, and Chairman of its Chapter Activities Committee.
only the first of many steps that must be
taken as a group and individually. In every
project we manage or propose, we must al-
ways have in mind a very simple profit mo-
tive—profit to the developer in terms of
dollars and profit to the community in terms
of tangible or intangible benefits. Some-
times these motives can be combined and
sometimes only the community profit can
be served, as in case of managing public
housing.

We cannot afford to concentrate on the
dollars and cents angle alone to ignore the
community. To avoid this responsibility to
the community will open the door to great-
er government controls regarding what is
done with our most precious commodity—
land. If we are to remain the masters of our
destiny, we must honor the demands that
will be placed upon us during the coming
years and develop structures to cope realis-
tically with those demands. Otherwise,
structures not of our own choosing will be
imposed upon us in the name of the com-
mon good.

We can reasonably expect that 1972 will
see an increase of approximately 850,000
apartment units over our present inventory.
Since the American population is so highly
mobile, residents will continue to move
more frequently. During 1970, the turnover
in garden-type units across the nation was
37 percent. When figures for 1971 are finally
tabulated, this can be expected to increase.

It is interesting to observe the many soft
spots in moderate and semi-luxury units. I
can only urge builders and developers con-
templating conventional multi-unit projects
this year to utilize to the fullest a feasibility
study before moving ahead.

It isn't only areas of housing that will be
absorbing our time in the 1970s. Time for
talk has just about run out when it comes to
downtown. Those of us concerned with
central business districts will have to come
to terms with questions about downtown:
Is it worth saving? Can it be saved? How?
Who wants to use it? Demographic studies
will reveal who is not using downtown or
most likely would use a redeveloped down-
town.

And what about schools? Our population
statistics clearly show the baby boom has
gone bust and we must caution our com-
munities against overbuilding their facilities
and being left with a burden of too much

While the demand for specialization
grows, we will find that the 1970s will be an
expansive period for our business if we
broaden our general perspective to relate
what we are doing to the whole. No single
building, shopping center, suburban devel-
opment or even single-family home is going
to stand alone without some impact on the
community, and so each project must be
treated as part of the whole.

We cannot do an effective job in this area
if our outlook and knowledge aren't suffi-
cient to permit a realistic look at the whole
picture . . . the townhouses built in Michi-
gan are very much affected by the men in
HUD in Washington. You'll be much farther
ahead if you work with them instead of try-
ing to circumvent their regulations.

However, we are also entitled to stand up
for our rights. If you feel you are not getting
proper treatment from any facet of govern-
ment, let them know about it. They'd let
you know fast enough if the tables were
turned. Make your voice heard because in-
volvement is a two-way street and you are
free to work both sides of the street.

You won't be working alone. Traditionally,
the man in real estate has been highly
regarded as an independent businessman,
and to a certain extent I believe this will al-
ways be true. But we are not unaffected by
the shrinking of the world, the generation
of the metropolitan area, and the growing
conglomerate philosophy of American busi-
ness. In many ways, there is too much going
on for anyone to remain stubbornly iso-
lated.

In more and more formal and informal
ways we will merge or cooperate in order to
diversify and create security and opportu-
nity for ourselves and our businesses. One
of the most successful cooperative ventures
in American business is the Multiple Listing
Service. This service has been expanded in
many areas so that computers connect one
city to another.

This history of cooperation for mutual
benefit will serve our professions well dur-
ing the 1970s, for as the scope and depth of
our services enlarge, we will have to rely
more and more on one another's intelligent
counsel and cooperation.

Paul H. Pittle
Let Your Contract Do the Talking

by William D. Sally, CPM

Profitable management of a property is largely dependent on a well-drawn contract between the owner and the management agent. This sounds like a truism, and yet, how often have we encountered situations in which the agent undertook to operate a building before he had a contract and found himself saddled with responsibilities he should have never assumed and were now difficult to put aside.

How many times have we heard of agents who signed a contract that didn't spell out all the details and then spent the rest of the time in endless squabbles with the owner over what's included and who pays for what.

The saying goes that a contract is worth no more than the paper it's written on and depends entirely on the good intentions of the people who signed it. That may be true. But we have found that the negotiations leading up to the contract, and the preparation of the contract itself, are the best ways to determine just how good the intentions are. More than that, the preparation of the contract is perhaps the only way to spell out the responsibilities, duties, and authorities of both parties, so there can be no ground for misunderstandings.

There are some in the property management fraternity who believe that such detailed contract preparation is unnecessary and that too many details may scare away the owner. Moreover, they often feel the owner understands what's involved, so why burden him with legal documents and a lot of fine print.

For example, we have known some managing agents who assumed that the owner knew the agent collects a fee for handling subleases and releases and does not account to the owner for these fees. The same goes for fees the agent collects for credit reports, "insufficient funds" checks, and late rent penalties. In some cases, the owner didn't know about these fees and questioned the agent when they were discovered. In some cases, the dispute led to legal action. In all cases, the managing agent was left with a damaged reputation.

We believe assumptions that "the owner already knows" can lead to trouble. At the risk of losing a prospect, we believe in spelling everything out, even though this means upsetting some traditional practices and beliefs of the management profession. Our belief, in short, is that a good "blue-sky" contract is the only foundation for a property management agent to lead him to do the best job for the owner and to receive fair compensation. Isn't that what both parties want?

Back in 1968, our firm concluded that the pre-printed contract is the best way to handle the task of negotiating with an owner. Ever since then, we have been switching our owners to this printed form. There are many advantages:

1. The printed contract acts as a check-list, covering 90 percent of all the situations and contingencies. If there are any particulars that apply to a specific building, the contract provides space for these to be included.

2. The property owner who sees the printed contract early in the negotiations knows that he is getting the same fair deal that all other owners get. This builds confidence, something that is harder to do if you write out a contract as you go along.

3. There is no doubt of what is covered and what isn't, since all the details of the arrangement between agent and owner are fully listed in understandable terms. The owner has the assurance that all the bases are covered—and so does the manager.

This contract has provided continuity and has saved us grief. In the interests of sharing our experience with other property managers, let's review the actual document point by point and explain why the various clauses are included and what they mean.
MANAGEMENT AGREEMENT

In consideration of the covenants herein contained, (hereinafter called "OWNER"), and BAIRD & WARNER, INC. (hereinafter called "AGENT"), agree as follows:

1. The OWNER hereby employs the AGENT exclusively to rent and manage the property (hereinafter called the "Premises") known as

upon the terms hereinafter set forth, for a period of _______ years beginning on the ______ day of ______, 19____, and thereafter for yearly periods from time to time, unless on or before thirty (30) days prior to the expiration of any such renewal period, either party hereto shall notify the other in writing that it elects to terminate this Agreement, in which case this Agreement shall be thereby terminated on said last mentioned date. (See also Paragraph 8(c) below.)

2. The AGENT AGREES:
   (a) To accept the management of the Premises, to the extent, for the period, and
   (b) To render a monthly statement of receipts, disbursements and charges to the following persons at the address shown:

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and to remit each month the net proceeds (provided Agent is not required to make any mortgage, escrow or tax payment on the first day of the following month) Agent will remit the net proceeds or the balance thereof after making allowance for such payments to the following persons, in the percentages specified and at the addresses shown:

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<th>Name</th>
<th>Percentage</th>
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In case the disbursements and charges shall be in excess of the receipts, the OWNER agrees to pay such excess promptly. Failure to remit these funds by the tenth (10th) day following date of statement will entitle AGENT to charge a one percent (1%) monthly carrying charge on such amount, but nothing herein contained shall obligate the AGENT to advance its own funds on behalf of the OWNER.

(a) To set up a reserve account for real estate taxes. This reserve would be set at 1/12 of the property's last tax bill. AGENT agrees to issue a monthly statement of this account. No interest will be paid on these amounts.

(c) To cause all employees of the AGENT who handle or are responsible for the safekeeping of any monies of the OWNER to be covered by a fidelity bond in an amount and with a company determined by the AGENT at no cost to the OWNER.

IDENTIFICATION OF THE PROPERTY AND PERIOD OF THE CONTRACT

The identification is simple enough and consists in most cases of listing the building address. Setting the period of the contract is not as simple. The agent should think and remember that the expiration date determines when the contract will be re-negotiated. He should select a time that favors him.

For example, we try to avoid expiration dates that coincide with real estate tax bill time. An owner figuring out how he's going to pay his taxes is not in a good mood to negotiate a new management contract. Setting the expiration date to fall just before the leasing season starts is usually a good time. The owner realizes he's going to have to take action to keep his building filled, and he may cringe at the task involved. So it's usually with considerable relief that he signs the new contract and passes the leasing headache onto the property manager.

WHAT THE AGENT AGREES TO DO

This section has several important parts.

The first one says that the agent agrees to accept the premises. In so doing, the agent indicates that he has inspected the building and its records, and they are up to his standards. But are they? What is the physical condition of the building? The grounds? The heating, plumbing, and electrical facilities? If the building isn't up to snuff, will the owner agree in writing to undertake the necessary improvements?

It is also imperative for the agent to determine the indebtedness, tax liabilities, and cash flow of the property. If the property is producing an insufficient cash flow, and the owner is unwilling to make up the difference in cash, how will the obligations be met?
Even if the property is generating a good cash flow, what if the owner is unwilling to spend necessary funds to maintain the building and pay all the bills? Before accepting the premises, the agent should make sure that the owner agrees to spend what's necessary to perpetuate the life of the property and maintain profitable rent levels.

All of this is involved in accepting the premises. Under no circumstances should the agent accept the property or take any money from the owner or tenants until the contract is fully negotiated and signed. Haste in taking over the building can lead to trouble. The owner may renege, leaving the agent in an embarrassing position and, worse yet, with money spent on management tasks that may be impossible to recover. The agent may even face law suits.

In the second section, the agent agrees to render a monthly statement of receipts, disbursements, and charges. The date of delivery of the monthly statement should be mentioned to the owner since he may need this cash flow money to pay another obligation; for example, a statement delivered on the sixth of the month would not help an owner who had a mortgage payment due on the first.

This section also states that if disbursements exceed receipts and the owner does not remit the difference by the tenth of the month, then the agent may advance his own funds to cover—and bill the owner 1 percent carrying charge on the amount. We include this provision because in many cases agents advance funds to cover for the owner and then find the owner counted on this service and is unwilling to pay for the privilege. In effect, the owner is using the agent's money interest-free.

While the agent may advance the funds, the contract makes it clear that he is not obligated to do this. There may be cases where the agent feels that it's time the owner faced up to his own responsibilities and paid direct.

Under the third section, the agent agrees to set a reverse account for real estate taxes. This is truly a service to the owner, especially if the owner is a person who is dependent on the cash flow from the property and forgets that taxes have to be paid. In this way the agent assists the owner to put aside cash against the day the tax collector calls.

Finally, in the fourth part of the agent's section, the agent provides a fidelity bond, at his cost, for all his employees who handle the owner's money. This, too, is a direct owner service.

We should point out that even though we have this clause in our contract, our personnel rarely handle the owner's money. We use a computerized system which provides each tenant with a yearly supply of rent payment cards. They send these cards along with their payment to a lock box account in a bank, and tenants' accounts are credited without any money going through the manager's office.

WHAT THE OWNER AGREES TO DO

For the agent to do his job properly, he must have certain powers conferred on him by the owner. This section deals with the powers that the owner agrees to turn over and spells out who bears the cost.

Advertising of the premises costs money, and so does the posting of the agent's signs on the property, which are designed to attract tenants. The owner agrees to the agent's authority to advertise and post signs and to pay for the costs.

The owner also gives the agent authority to terminate tenancies, take legal action to
3. THE OWNER AGREES:

To give the AGENT the following authority and powers (all or any of which may be exercised in the name of the OWNER) and agrees to assume all expenses in connection therewith:

(a) To advertise the Premises or any part thereof; to display signs thereon and to rent the same; to cause references of prospective tenants to be investigated; to sign leases for terms not in excess of _______ years and to renew and/or cancel the existing leases and prepare and execute the new lease without additional charge to the OWNER; provided, however, that the AGENT may collect from tenants all or any of the following: a late rent administrative charge, a non-negotiable check charge, credit report fee, a subleasing administrative charge and/or broker’s commission and need not account for such charges and/or commissions to the OWNER; to terminate tenancies and to sign and serve such notices as are deemed needful by the AGENT; to institute and prosecute actions to oust tenants and to recover possession of the Premises; to sue for and recover rent; and, when expedient, to settle, compromise and release such actions or suits, or reinstate such tenancies.

(b) To hire, discharge and pay all engineers, janitors and other employees; to make or cause to be made all ordinary repairs and replacements necessary to preserve the Premises in its present condition and for the operating efficiency thereof and all alterations required to comply with lease requirements, and to do decorating on the Premises; to negotiate contracts for non-recurring items not exceeding one thousand dollars ($1,000.00) and to enter into agreements for all necessary repairs, maintenance, minor alterations and utility services; and to purchase supplies and pay all bills.

(c) To collect rents and/or assessments and other items due or to become due and give receipts therefor and to deposit all funds collected hereunder in the Agent’s custodial account.

(d) To refund tenants’ security deposits at the expiration of leases and, only if required to do so by law, to pay interest upon such security deposits.

(e) To execute and file all returns and other instruments and do and perform all acts required of the OWNER as an employer with respect to the Premises under Subtitle C of the Internal Revenue Code of 1954 with respect to wages paid by the AGENT on behalf of the OWNER and under any similar Federal or State law now or hereafter in force and in connection therewith the OWNER agrees upon request to promptly execute and deliver to the AGENT all necessary powers of attorney, notices of appointment and the like.

We pay the cost of credit reports and absorb the cost of administrative work involved in the other items. We credit any sums derived from these charges to the agent’s account and are not obligated to report these to the owner.

To avoid any misunderstandings, we review these charges with the owner before he signs. If the owner wants to know why we keep these funds separate from the management fee, we explain that they relate to the stability of the building. Our compensation is a percentage of gross income, which remains largely the same whether the building has a stable or unstable tenancy. But an unstable tenancy involves extra administrative work, and by keeping the revenues from these extra charges, we save the owner from the penalty of a higher management fee.

Retaining such charges in the agent’s account is particularly important in the first year or so of managing a building, especially a new one, because the agent has no idea at this point of what the turnover rate will be.

This explanation saves the agent from a “credibility gap” in dealing with owners who would otherwise feel we were depriving them of revenue by charging tenants for various items and not crediting these funds to the owner’s account.

The owner also gives to the agent the power to hire, discharge, and pay all custodial help and to make ordinary repairs and replacements to preserve the premises. This area, too, is often left unsaid in agreements. But we think it imperative that the manager have the power to make contractual agreements for non-recurring items of less than a specified amount, say $1,000, to keep the premises in order. Included are decorating, minor repairs and alterations; utility services; supplies purchasing; and payment of all bills.

oust tenants, sue to recover rent, and make settlements, compromises, re-leases, and reinstatements when expedient. The costs involved in such actions are borne by the owner.

However, there are many jobs an agent does which relate directly to the turnover of tenancy of particular buildings. These jobs involve either out-of-pocket costs or administrative time and expense which the agent should not be obliged to account for; the contract spells these out. Included are the costs of investigating prospective tenants, collecting late rent, processing bad checks, compiling a credit report, subleasing, and re-letting.
Contracts con’d.

While we generally ask for $1,000 as a limit, this figure can be negotiated, depending on what the premises require and what the owner is willing to grant. At least it establishes a dollar figure; the owner and the agent may eventually agree on $300.

The agent is given the power to collect rents, deposit them in a custodial account, and to refund tenant security deposits at the expiration of the lease. If the law requires that any interest on these deposits be paid to the tenants, the agent does this.

Finally, the agent agrees to execute and file all federal and state forms concerning unemployment, social security, and wages on behalf of the owner for employees of the building. The owner agrees to give the agent his power of attorney so that the forms can be executed. We recommend this procedure because the owner, in the press of other business, may forget to keep on top of filing deadlines. The agent, on the other hand, can normally process these forms in the course of managing the building.

THE OWNER FURTHER AGREES

This brings us to one of the most important parts of the contract: the hold harmless clause. As the owner’s agent, the property manager is fully liable for the operations of the property and can be held accountable for any acts of negligence, regardless of who is responsible—unless there is a hold harmless clause by which the owner assumes full responsibility.

Under this clause, the courts will not normally hold the property manager as party to a suit brought about by negligence on the part of the owner, or by something that happened in the agent’s normal pursuit of his duties.

But this clause alone isn’t enough. The owner must further agree to pay the property manager’s legal and court costs in the event the manager is sued. If this isn’t done, the manager could spend thousands of dollars in legal fees up to the point where the court finds him not liable, thus washing out all the profits of a good contract. So, as part of the overall hold harmless agreement, the owner agrees to:

1. Provide adequate public liability insurance and workman’s compensation insurance. If the owner doesn’t do this within 30 days of signing the management agreement, the agent can take out the policies and charge the cost to the owner.

2. Accept all persons employed on the premises as the owner’s employees, not the agent’s. Therefore, the owner is obliged to
pay for all employee settlements, judgments, damages, liquidated damages, penalties, foreclosures, back pay awards, court costs, litigation fees, and attorney's fees.

3. Pay all legal fees for any alleged violation of laws covering employment; Federal Fair Credit Reporting; environmental protection; and fair housing, including discrimination on the basis of race, creed, color, religion, or national origin, regardless of who is named in a suit—whether it is the owner, agent, or both parties.

Since the owner is obligated to pay the legal bill, the agent should notify him immediately when a suit is threatened or filed. This will enable the owner to determine quickly how he wishes to handle the case, whose attorney will be used, and other details.

In regard to the fair housing section, the owner may sign this agreement and wink at the agent. If that happens, beware! If the owner expects the agent to enter into collusion to evade any portion of the law, the manager should resign the contract then and there.

There are two additional parts to this section dealing with what the owner further agrees to do. First, the owner agrees to give adequate advance notice if payment of mortgage indebtedness, general taxes or special assessments is desired, or if the placing of fire, steam boiler, or any other insurance is wanted. If so, then the agent will handle.

In the second part, the owner agrees to provide on-site management offices. Here the property manager must spell out exactly what will be provided: the location and size of the office; whether furnishings, fixtures, and equipment are included; and who pays for telephone and answering service, utilities, etc.

Also, if a resident manager is needed, the contract states whether or not the owner provides a free apartment and, if so, who pays for the heat, water, and other utilities.

THE OWNER PAYS THE AGENT EACH MONTH

This key section deals with compensation for the agent's services, which include managing and leasing. The distinction between the two should be kept in mind. Managing refers to operating the property, with no special effort made to find new tenants en masse. Leasing refers to an all-out effort to get tenants, usually for a new building. The agent who does the leasing may not be the same agent who does the managing once the building is filled.

For management services, we prefer to ask for a percentage of the monthly gross income rather than a fixed dollar amount. The percentage method thus compensates us on an incentive basis for increasing the rents over the life of the property and produces a better return for the owner.

To make the percentage arrangement work, we ask for a floor, or a minimum each month, to cover our fixed overhead for a specific property: for example, $1,500 or 5 percent of the gross income, whichever is greater. This floor becomes important in cases where a new building is largely vacant, or where an older building in a changing neighborhood has a high vacancy rate or is undergoing rehabilitation or repairs due to fire damage or other catastrophe.

On this same subject, you should ask for another fee from the owner to super-
vise in case of rehabilitation or major repair, unless the owner wants to take this on himself. It is usually more economical for him to pay us 10 percent of the face amount of the rehab or repair contract.

If the owner wants us to become involved in the initial leasing program of the property, we have two areas to consider: commercial leasing and apartment leasing. Commercial leasing in a residential complex refers to finding operators for such facilities as garages, dry cleaning, parcel pick-up service, commissary, or day care center, all of which may be housed in the building. It is good to tie the parcel pick-up service of a building to the dry cleaning lease—sometimes they will also act as a security check-in point for building service calls. If these services do not apply, this clause can be stricken from the contract.

Apartment leasing refers to finding individual and family tenants. As a competitive feature, management firms have given away their leasing or marketing expertise in hopes of getting a long-term management agreement. This is folly since a well-filled building operating efficiently is a tempting morsel for the developer to take back. We insist that the marketing be paid for separately.

Our normal leasing agreement, written into the contract, asks for $50 per apartment on the initial lease-up only, plus the owner's agreement to pay for all advertising and promotional expenses, including compensation to the rental agent personnel hired for the purpose.

Again, we ask for a minimum payment to be applied against our per-apartment fee until 85 percent of the building is rented. This is to protect us against the tremendous load of up-front costs that inevitably occur in the leasing of a building. Without this protection, the property manager may need months, if not years, to recoup the money laid out in the early phases of an initial leasing program.

Such a minimum payment is especially needed if the manager must employ an on-site manager for the building. His salary alone can tie up the manager's money unless a minimum is forthcoming.

What, then, does the agent's $50 per-apartment fee cover if the owner must advance funds and cover everything else? It pays for the manager's time in setting up the program; working with the advertising agency, public relations firm, and interior designers; interviewing, hiring, training rental personnel; coordinating with the contractors; and arranging for operating personnel such as janitors, landscapers, etc.
8. IT IS MUTUALLY AGREED THAT:

(a) The OWNER expressly withholds from the AGENT any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expense chargeable to the OWNER other than expenses related to exercising the express powers above vested in the AGENT without the prior written direction of the following person:

Name  
Address

except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Premises or the safety of the tenants and occupants thereof or are required to avoid the suspension of any necessary service to the Premises.

(b) The AGENT does not assume and is given no responsibility for compliance of any building on the Premises or any equipment therein with the requirements of any statutes, ordinances, law or regulation of any governmental body or of any public authority or official thereof having jurisdiction, except to notify the OWNER promptly or forward to the OWNER promptly any complaints, warnings, notices or summonses received by it relating to such matters. The OWNER represents that to the best of his (its) knowledge the Premises and such equipment comply with all such requirements and authorizes the AGENT to disclose the ownership of the Premises to any such officials and agrees to indemnify and hold harmless the AGENT, its representatives, servants and employees, of and from all loss, cost, expense and liability whatsoever which may be imposed on them or any of them by reason of any present or future violation or alleged violation of such laws, ordinances, statutes or regulations.

(c) In the event it is alleged or charged that any building on the Premises or any equipment therein or any act or failure to act by the OWNER with respect to the Premises or the sale, rental or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any constitutional provision, statute, ordinance, law or regulation of any governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereover, and the AGENT, in its sole and absolute discretion, considers that the action or position of the OWNER or registered managing agent with respect thereto may result in damage or liability to the AGENT, the AGENT shall have the right to cancel this Agreement at any time by written notice to the OWNER or election so to do, which cancellation shall be effective upon the service of such notice. Such notice may be served personally or by registered mail, on or to the person named to receive the AGENT's monthly statement at the address designated for such person as provided in Paragraph 2(b) above, and if served by mail shall be deemed to have been served when deposited in the mail. Such cancellation shall not release the indemnities of the OWNER set forth in Paragraphs 4 and 6(b) above and shall not terminate any liability or obligation of the OWNER to the AGENT for any payment, reimbursement or other sum of money then due and payable to the AGENT hereunder.

7. This Agreement may be cancelled by OWNER before the termination date specified in paragraph 1 on not less than 60 days prior written notice to the AGENT, provided that such notice is accompanied by payment to the AGENT of a cancellation fee in an amount equal to 50% of the management fee that would accrue over the remainder of the stated term of the Agreement. For this purpose the monthly management fee for the remainder of the stated term shall be presumed to be the same as that of the last month prior to service of the notice of cancellation.

This Agreement shall be binding upon the successors and assigns of the AGENT and their heirs, administrators, executors, successors and assigns of the OWNER.

The agent may also use a portion of this $50 fee to pay for incentives to his own supervisory personnel on the job.

With this section out of the way, the contract may stipulate that the manager is entitled to charge for renewing a lease or negotiating a new one, subject to the owner's agreement.

The last section in the compensation agreement covers extenuating circumstances. For example, the building may be outside the manager's normal geographic area, and the owner may not want round-the-clock attention. In this case, the owner may agree to pay a reduced percentage fee—say, 1½ or 2 percent instead of 5 percent—but agree to pay for the manager's transportation to and from the site, administrative reports, and any on-site costs.

Such arrangements can't be part of the pre-printed contracts, but we provide space or add an extra page so the detail can be typed in as negotiated. This is easy as the pages aren't numbered until the contract is complete.

IT IS MUTUALLY AGREED

In this next to closing section of the contract, we set down the following:

1. The property manager has no power to make structural changes, alterations, or additions to the building.

2. The agent does not assume responsibility for compliance to laws, statutes, or regulations of any governmental body.

3. The agent is not authorized to disclose ownership unless required by law to do so.

4. The agent may cancel on written no-
tice, but the owner must give the agent 60 days' written notice of cancellation, plus payment of 50 percent of the fee for the cancelled term. This clause discourages the owner from the tempting prospect of taking over a smoothly-functioning building on short notice and also establishes the value of the contract to the manager.

5. The contract is binding on any other parties who may succeed the owner or the manager. However, we have found that assignment of a service contract is difficult in view of the personal relationships involved.

SIGNATURES

We recommend that a line be included to indicate who among the agent's personnel submitted the contract as reference in later years. The contract is then signed by the owner, with his signature properly witnessed, and then sent for approval and signature by an officer of the agent firm. This permits contracts to be negotiated by a branch office and submitted for approval; if need be, the officer can send the contract back unsigned for clarification of a higher fee. The contract becomes binding when the agent officer signs it.

POWER OF ATTORNEY

Strictly speaking, this is not a part of the management contract, but as we said earlier, the agency may be requested to perform services which require this power. If the contract requires it, the power of attorney should be used and attached.

SUMMARY

If all has been done carefully, the resulting contract should be a workable agreement between owner and manager, with no surprises ready to spring out in later years. In fact, we think a good contract that serves both parties can be the foundation of a lasting relationship which can be renewed again and again. Our contracts are self-renewable on a year-to-year basis after the initial three- or five-year term.

In summary, property management can be made more professional and profitable by a clear outline of the respective responsibilities and authorities of owner and agent. Getting proper compensation for the agent's services is one thing; but it's equally important to avoid the pitfalls, such as legal fees, back wage payments, and other costs which can wipe out profits at the end of a contract term.

A good contract accomplishes all of the above and is the agent's best assurance that no surprises will lurk to the detriment of him or the owner during his management of the property.

William D. Sally, CPM, is vice president and general manager of the property management division of Baird & Warner, Inc., 117-year old real estate firm in Chicago and suburbs. He joined the firm as manager of its property management office in suburban Mount Prospect in 1969, served as administrative assistant to the general manager, then as an assistant vice president. He was previously active for 14 years in his family's real estate business in Missouri and Illinois. In addition to IREM membership, Sally is a member of the Chicago Real Estate Board. He is a graduate of the University of Missouri with a BS degree in business and public administration.
The management of single-family residences is too often ignored or downgraded by the professional property manager. With its magnitude of problems it is considered not worth the time, expense and effort that must be devoted to it. It is probably true the direct net profit is much less than that realized from an equal amount of effort devoted to multiple family or commercial properties. Nevertheless, in many communities there is a critical need for the professional manager who is willing to accept the challenge of single-family residences.

Any area with a high concentration of single-family residences located in or near military, government or civilian facilities that have a record of growth or transfer of employees is ripe for professional management. Our firm, located in metropolitan Washington, D.C., has met this challenge with most favorable results.

Within our firm, every independent
sales office and the property management department has an assigned goal which must be attained each month and year to break even. This break-even factor encompasses all overhead necessary to meet operating and salary expenses for the office concerned.

The property management department operated for many years at a loss of about $5,000 annually. This loss was not considered excessive in view of the many side benefits a general brokerage firm can expect from the management of single-family residences. Such side benefits consist of sales realized from working with rental clients and in selling various management properties that are ultimately listed for sale.

In early 1966 our company inaugurated an expansion program for the property management department with the goal of eliminating the annual deficit. This program did not involve any increase in leasing or management commission rates, which remain today essentially the same as they were 10 years ago. Instead, the emphasis has been toward improvement in the calibre of property managed with the elimination of those properties which required excessive attention. At the same time a strong effort was initiated to increase the inventory of properties managed.

The results have been most favorable as shown by the chart on page 66 of annual statistics for the fiscal years ending October 31, 1966, through 1971. In analyzing this chart it is essential to remember that it represents net profit or loss solely from management and leasing commissions. Any company profit realized from the listing and sale of properties is credited to the sales department and does not show in the figures for the property management department.

As the inventory of properties grew, personnel assigned solely to the property management department increased. In 1966 we had one property manager and two secretaries. Today there are four secretaries, the property manager and three assistant property managers. Despite the considerable increase in break-even factor, there has been a gradual increase in profit attributed solely to the property management department.

Some property managers say that a management office cannot render an honest and fair service to the property owner if the sales agents are also charged with the responsibility of showing and leasing rental properties. I do not agree with this and our results justify my feelings.

It is our policy that all sales agents must service their clients regardless of whether they be rental or sale clients. We pay the sales agent a leasing commission amounting to one-half the gross leasing commission. He is also paid one-quarter of the initial gross leasing commission if he turns in a properly executed new residential property management account.

Experience has shown that our most successful salesmen from the standpoint of gross earnings are the salesmen who lease the most properties. These same salesmen also have an excellent record of turning in new management accounts. At this point I should mention that none of the 7 percent management commission is paid to the sales staff.

It is our company policy that personnel assigned to the property management department do not compete with the sales staff from the standpoint of selling or leasing properties. The property manager and the assistant managers are licensed salesmen in Virginia and Maryland and actively solicit new management accounts but we do not lease or sell properties. Our effort is devoted 100 percent to the many management activities and to supervision and approval of leases and new management agreements executed by salesmen assigned
to the various sales offices. This supervision includes the review of all leases and the final company approval or disapproval.

During most of the year at least two of the assistant property managers spend the greater portion of each day outside their office. They perform routine inspections as properties are vacated and, more importantly, constantly check on various tenant problems. They do not perform repairs or maintenance work although they do carry a few basic tools and are not adverse to tightening a loose screw. They are primarily trouble-shooting various reports to better ascertain what repairs are needed and what type of repairman is required. I maintain this is true property management and one of the primary reasons why the property owner engages a management firm.

In line with upgrading the calibre of properties being managed, there has been a concurrent effort to improve the calibre of tenants being obtained. Tenants are evaluated on the basis of income, family size, credit rating and known expenses to be encountered for rent and utilities. It is not an easy decision to disapprove a prospective tenant but most often it will mean less work and effort than to eliminate an unqualified tenant after he has taken possession of the

In the graph below the fiscal years 1966 through 1971 show the net profit or loss solely from management and leasing commissions.
leased property. Again, this is professional property management that the single-family homeowner so desperately needs.

The complexity of dealing individually with hundreds of tenants and property owners creates problems far greater than that encountered in the management of apartments or commercial buildings. Four cardinal rules must be observed if you are to be successful in managing single-family homes:

1. A large inventory of properties is essential. Major efforts must be exerted to obtain sufficient accounts to justify the assignment of specially qualified personnel to a department that devotes all of its time and effort to property management activities.

2. The geographic area to be served by the property management department must not extend beyond that which can conveniently, and within reasonable time, be reached by management personnel.

3. Leasing and management commission rates must be adequate to compensate for the large overhead expenses. The range of commission for leasing and managing single-family residences will vary greatly among firms. However, experience will show the most successful generally have the highest commission rates. Do not try to render a cut-rate service because the property owner you represent does not want cut-rate service.

4. Last and of utmost importance is the streamlining of administrative procedures. Methods must be established for quickly and efficiently handling the various functions of rental collection and the maintenance and repair of properties. Becoming bogged down in detailed and unnecessary paperwork is the most common deficiency of the firm that manages the single-family residence.

As mentioned earlier, among the many side benefits in managing single-family residences is the listing and sale of management properties. If good management service has been rendered, the investor inevitably seeks assistance of his management firm in disposing of properties when such action is in his best interest. Likewise, the absentee individual homeowner, such as government, military and civilian personnel, who decides to retire in another part of the country will generally list his property for sale with the firm that has over the years given him good management service. As our management department has expanded, we have had a concurrent increase in listing and sale of managed residences from 15 in 1966 to a total of 57 in 1971.

In conclusion it can be said that the management of single-family residences has proven to be most rewarding for our firm. It has resulted in a steady year-round income not as susceptible to seasonal variances encountered in strictly sales activity. We have found that our rental and management activity is an essential element of the overall general brokerage activity and that property management activity has directly benefited our sales activity. We look forward to greater property management service to the homeowners of our area and to the concurrent expansion of our firm in all brokerage activities.

Walter C. Mahaley, a retired Army Officer, has been associated with Routh Robbins-Realto rs, Alexandria, Virginia, since several months prior to his military retirement in 1960. Since October 1962 he has been manager of its property management department with currently over 600 single-family residences under his supervision. He is a former chairman of the Property Management Committee of the Northern Virginia Board of Realtors, Inc., and is a candidate for the Certified Property Manager designation.
In 1958 Charles Center, a bold and dramatic renewal program for downtown Baltimore, was conceived. Except for several major structures, which included the Lord Baltimore Hotel, the Baltimore & Ohio Railroad Building, the Baltimore Gas & Electric Building and the Fidelity Building, all other improvements in the 23-plus acre, numerical center of downtown Baltimore were to be demolished. In their place were to be an 800-room hotel, underground parking for 4,000 cars, a legitimate theater, park areas, 428,000 square feet of retail space, and eight office buildings containing two million square feet of rentable area.

The impact of this plan caused considerable consternation, to say the least, among the owners and managers of the older office buildings in the areas adjacent or in close proximity to the proposed project. Since its initial formulation, however, this ambitious program which would have totaled two million square feet of new office space has been revised.

One site earmarked for a large office building complex was reallocated for use as a highrise apartment. Now completed, this building has been tremendously successful. A second plot attracted the federal government for its exclusive use, and this edifice is now completed also. The local utility company added an annex next to its main headquarters, thereby eliminating a third area previously set aside for office building use.
As the renewal program got under way, competition among office buildings grew strong. In a period of one year—1963-1964—two new office buildings containing 600,000 square feet had been completed in a city that had experienced no major office building construction since 1929. Only a few owner-tenant buildings such as the Commercial Building containing 200,000 square feet had been completed in the late 1950s.

The first new office building was One Charles Center. Completed about seven years ago, it now enjoys almost total occupancy. Its leasing program was made highly competitive by the simultaneous erection of the Blaustien Building adjacent to the renewal area.

The largest pre-renewal-period, multi-tenant building in Baltimore is the 34-story Maryland National Bank Building which was built in 1929; it has 330,000 square feet of net rentable space. In 1955 a sale to the Equitable Life Assurance Society with a lease-back to the Maryland National Bank was negotiated.

At the time One Charles Center and the Blaustien Building were being completed, the major tenant of the Maryland National Bank Building decided to move its executive offices to New York City; this meant 85,000 square feet would become available.

Coupled with other vacant areas, the property was faced with a possible 33 percent vacancy. With the addition of 600,000 square feet of new office space coming on the market, drastic steps had to be taken with the Maryland National Bank Building. New rental and management policies had to be established.

As every building manager knows, the cost of obtaining a new tenant in an old building is usually considerably higher than in a new building because so much remodelling is necessary. Furthermore, plumbing and electric lines usually have to be replaced to bring the structure up to modern standards. This requires not only expensive repairs but also increases the time involved in planning floor arrangements and the placement of partitions. (In this respect, it would be well for everyone managing or owning old buildings to have adequate plans showing in detail the existing plumbing, electrical and telephone lines.)

Because up until this time a favorable rental market existed, previous landlords of the Maryland National Bank Building had made little or no attempt to modernize interior office space. Fortunately, shortly after the sale and lease-back arrangements were made, a decision was reached to completely modernize the building. A farsighted approach was exercised in the purchase of a 1500-ton air-conditioning plant for the building. However, during the period of installation, relations with the tenant reached a low point due to the obvious inconveniences inherent in such a renovation.

Several plus factors did exist to enhance any rental promotion:

- The building was the tallest and largest structure in Baltimore.
- The head office of the leading commercial bank south of the Mason-Dixon line was headquartered on the main floor.
- Excellent public transportation was available directly to the entrances from all directions.
- Several good, reasonably-priced eating facilities were within walking distance.
- Central district shopping facilities were located within one or two blocks.
- The property was well located in the heart of the financial district, with the Court House and City Hall within a few short blocks.
- Automatic elevators had been installed in 1959, and elevator service from 10 cabs was superior.
- A loyal building staff of 80 employees, four of whom had been with the company since the building was completed (these included the chief engineer, head elevator mechanic and the night cleaning foreman).

Noting these favorable aspects, the rental and management agents began catering to the remaining tenants with personal attention and service. As the landlord, the Maryland National Bank was approached for adequate funds for capital improvements and alterations. A formula was developed to
permit 10 to 15 percent of the gross rent for the cost of tenant requirements. Special efforts were made not only to retain existing tenants but to encourage them to refurnish their offices.

Rehabilitation plans included:

- Refurbishing elevator cabs with a hard surface material.
- Dropping ceilings eight inches (from 10'2" to 9"), using mineral-fissured acoustic materials.
- Installing not less than 80 to 100 foot candle fluorescent lights.
- Purchasing hot and cold water fountains with refrigerator space and supplying them to tenants at a nominal rental.
- Equipping and subsidizing a barber shop.

Careful consideration was given to full-floor space users at a 10 percent reduction in the basic square foot rate. Long-standing tenants were offered favorable rental terms with yearly increases over a three- to five-year period until the established square foot rate was obtained.

An extensive study was made by management of the best and latest materials to be used. Sample paneling and wall coverings were displayed and tenants were offered a selection for light fixtures, type of ceiling material design and floor covering. Floor covering was offered in vinyl asbestos rather than asphalt tile.

Model offices were furnished in both a contemporary and traditional motif. In the model offices, which occupied only 1,000 square feet, four different materials were used on the floors and four distinctly different types of ceilings and lighting were constructed. Several walls were given varying treatments of paneling, vinyl and various types of molding. Office layout design was offered at no cost to tenants and completed promptly in the event changes had to be made.
All personnel, including elevator dispatchers, painters, porters, cleaning women and maintenance staff, were uniformed in good taste. Staff employees were made available to install paneling, book shelves or special built-ins to the tenants at cost.

Alterations at the time of the renovation program were running $4.00-$5.00 per square foot. We figured to spend a maximum of 10 percent of the gross rent for any one space; if this was not sufficient to make the alterations, the tenant paid the difference.

The capital expended on this program has materially added to the value of the building. In a two-year period after the plan's inception, it has produced 99.78 percent occupancy. Another positive result was a 25 percent increase in the basic square foot rate.

Virtually no money was spent on newspaper advertising or brochures. A direct mail campaign (in letter form only) at a total cost of $2,000 was aimed at attorneys, accountants and insurance companies, which produced the best in prospective tenants. Reciprocal business prospects of the landlord were explored but they were in no way pressured to move. All other prospects were made through personal contact with large companies.

The high occupancy, while gratifying, became disturbing to management because it temporarily eliminated the possibility of certain tenant expansions. As this situation developed, an intense analysis was made of all areas used for storage purposes. Previously unused space came to light: when the building was erected, it housed a private businessmen's club on one floor with complete kitchen facilities on the floor below. The club was short-lived and ceased operating in the mid-'30s.

Previous management never realized the potential of this space and in the interim years the kitchen became the graveyard of all old supplies, tools, etc. Fans, exposed ducts and abandoned equipment which had been left in place were all easily removed. Windows were in perfect alignment with other space on the same floor.

The alterations amounted to one year's rent on a five-year lease which has since been renewed for another five years. The landlord was willing in this case to spend 20 percent of the income on the first five-year lease because it was a non-income producing area. In the final analysis, alterations will be 10 percent of the total rental because it ended as a 10-year lease.

It could almost be said that because of this 2,517 square foot area the building is over 100 percent rented since this space had never before been considered as part of the total net rentable space. Today the Maryland National Bank Building is fully occupied and stands proudly on its heritage surrounded by several new buildings. Because of its prestige and condition, this 42-year-old structure is commanding rates that are only about 10 to 12 percent under the market for newly completed structures.

Wallace H. Campbell, CPM, is president of Wallace H. Campbell & Co., Inc., Baltimore, managers and sales agents for all types of investment real estate. The firm deals primarily with highrise apartment developments, office buildings and shopping centers. Mr. Wallace is a past president of the Apartment House Association of Maryland, the local chapter of BOMA and the IREM Maryland Chapter. He has been on the faculty of Johns Hopkins University for 18 years.
Developing Innovative Approaches to Computerized Property Management

by Stephen A. Levine

A variety of approaches to property management data processing exist today. While each purports to solve clerical problems, most of these approaches have speeded up one clerical function only to create other bottlenecks. Furthermore, a great deal of attention has been given to accounting functions and only minor consideration to management’s complete information needs.

A completely automated management system should take full advantage of available technology, and in all instances the human element in the system must be acknowledged. The system should be adaptable to many property management offices rather than causing the management office to adapt to the system.

The approaches to computerization existing today can be categorized into the following four areas:

- Modified accounts payable/receivable systems.
- Standard property management systems (these usually require handwritten recording of information and IBM tenant cards for cashiering).
- Customized in-house systems.
- Innovative property management systems.

In deciding on the appropriate alternative, an automation feasibility study should address the following factors:

- Identify management objectives to be achieved.
- Identify specific operations to be examined.
- Identify operating constraints and expected growth.
- Develop overall operating system concept, delineating requirements for procedure modifications, forms design, equipment functions, personnel functions, data processing services, report contents, report schedules, and reliability of operations.
- Develop a time-phased program for incorporating part or all automated elements.
- Estimate installation and operating costs.
- Document and review all results with management.

The role of data processing in property management can encompass many areas (see Figure 1). The relative importance of each of these roles will vary from firm to firm and therefore flexibility and modularity is required in the application of a specific computerized system.

There are three primary functions in the property management office that are candidates for automation: recording, processing and reporting (see Figure 2). Each of these functions has its own unique problems.

Recording activities include such things as processing rent payments, performing tenant status changes, posting miscellaneous charges and adjustments as well as expense invoice distribution and property acquisition or disposition.

The reporting area requires preparation of tenant and property status information, delinquency, lease and vacancy notices, owner reports, income and expense analyses and comparative performance reports. Once the information has been recorded and the reporting formats decided upon, then the appropriate information processing system can be selected. The increasing burdens of recording and reporting that firms are experiencing and the sustained growth in the industry have dictated consideration of using computers as the information processing system.

As an example of some of the obstacles encountered, even with the use of the computer as the information processing system, consider the time required to handle IBM tenant cards. As rent checks are received, a clerk must code the check with an account number and sort through the IBM cards to match them up. A list of the cards is usually prepared as a safety measure. Manual notations must be made if the card and check do not agree. The added hazard of the
PAYMENTS
RENT
STATUS
PROPERTY
TENANT
COMMUNICATIONS

Figure 1: Data processing can play a role in any or all of the above areas of property management.

Figure 2: The three phases of management that can be successfully automated include the recording, processing and reporting functions.

There are several key factors of importance in innovative property management systems. These include:

- Simplicity. There should be no dependence on skilled help; no tenant cards to handle; and no complicated and lengthy computer forms to prepare.

- Timeliness. Computer operations should be aligned to the firm’s requirements. Information should be processed and updated several times per month. Peak period activities should be easily managed.

- Flexibility. A variety of reports should be selectively available at any time. The reporting frequency should be tailored to the firm’s needs, and there should be unlimited ability to accommodate additional units.

- Control. No source documents should leave the firm’s office so that the firm should have complete control of all input. Correction and control of any errors should remain with the firm.

- Modularity. The reports should be designed for the firm’s needs. The units managed and computer reporting should be balanced in a cost effective manner. Major options should be selectable from the data processing service.

- Reliability. There should be uniform, efficient, and codified office procedures. Accuracy should be insured by extensive control reports, and all processing and information should be treated confidentially. There should be continued professional support from the data processing service.

The property management and financial information system can be thought of as an accounting and management system that cycle through distinct operations each month (see Figure 3). The cycle has an underlying repetitive nature and yet a variety of activities should be easily managed.

In addition, the time required to search for the wrong card being pulled, of losing a card, or the inability to identify the card belonging with a check might also be encountered. The three phases of management that can be successfully automated include the recording, processing and reporting functions.

The cycle has an underlying repetitive nature and yet a variety of activities should be easily managed.
The identification of tenant checks for payment recording has always been a time-consuming process. A Tenant Payment Label, consisting of 12 individual numerically coded check labels and 12 return address labels—a one-year supply— aids in solving this situation. The check label can be placed in a number of different locations on the face of the check without causing any difficulty. The number on the label is the tenant account number. The use of these labels by the tenant can reduce the manual task of processing a rent receipt by as much as 80 percent and costs approximately half a cent per tenant per month. The operating results using tenant payment labels has been excellent. Approximately 97 percent of the tenants surveyed have been using their account labels consistently.

The actual operational system permits the information and paper flow to proceed in an orderly manner within the property management firm (see Figure 4). The computer information is generated as a byproduct of other required operations, along with a duplicate journal for the firm’s retention. The computer tape is processed at a security-cleared computer facility and delivered under bonded control.

One of the data recording devices being used currently is a programmed adding machine that produces a computer tape simultaneously with the recording of the source information. The adding machine type keyboard is familiar and easy to operate since the built-in logic forces the operator to fol-

**Figure 3:** The cyclical nature of many management processes makes them prime areas for automation.
A well-designed system will allow for each firm in accord with its requirements and computer report delivery is developed for the entire system operation, including various firms operating under this system. The actual operating performance results indicate that over 600 rent checks per hour can be recorded—for the office, bank and computer simultaneously. The entire process of preparing, posting, and verifying will result in an office throughput of 150 checks/hr. with one employee and approximately 450 checks/hr. with two employees.

Of course, specific office personnel requirements vary from firm to firm and with the innate capabilities of individuals. Yet, some approximate results are available from various firms operating under this system. The entire system operation, including recording, control, and error correction, can be performed by one clerk for at least 1,000 units. The availability of supervisory support permits even greater capability.

The monthly schedule for data collection and computer report delivery is developed for each firm in accord with its requirements and then implemented with regard to the actual working days of the month. The reporting frequency flexibility insures the timeliness of computer generated information for accounting and management operations. Also, the closing date can be selected as appropriate for each firm.

A variety of reports is available to a firm with this system. Besides the standard set of capabilities, several unique report designs and output packaging methods are used. Also, the complete data base is accessible for future use as needs arise.

Building a property management financial and information system requires tailoring the specific report requirements and monthly frequency cycle to the firm’s needs. This is usually accomplished after discussions and review of the capabilities available and management’s needs. Then a design sheet can be prepared indicating which reports will be supplied, at what monthly frequency, and any special conditions or comments. In what follows, several of these reports are reviewed.

The Beginning Rent Roll is an alphabetical listing of all tenants and co-tenants along with their respective tenant code numbers. It is intended as a convenient office reference and used to identify rent payment checks that do not have tenant code numbers on them. All vacancies are listed in one place and new or previous tenants are listed alphabetically and separately from all current tenants. At the end of each classification of tenant, a summary of accounts receivable the correct sequence. For example, a rent receipt is entered directly from the tenant’s check by entering the tenant code, depressing a key, then entering the amount of the check and depressing the adding key. A total is taken at the end for batch control and the bank deposit slip. The sequence of the checks is irrelevant as the computer will credit each account appropriately.

Other machine programs permit all operations by this one approach; i.e., rent receipts, other receipts, information and status change entries, and disbursements. The actual operating performance results indicate that over 600 rent checks per hour can be recorded—for the office, bank and computer simultaneously. The entire process of preparing, posting, and verifying will result in an office throughput of 150 checks/hr. with one employee and approximately 450 checks/hr. with two employees.

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Figure 4: A well-designed system will allow for the continuous flow of information between management office and data processing service.
The Tenant Status Report provides a complete listing of all tenant information, charges, receipts, and transactions. It is organized by building with each unit listed sequentially (see Figure 6). Three sections of the report are provided, one each for new, current and previous tenants.

Figure 5: Past due notices are computer prepared, with copies for tenant and the management office.

Figure 6: The tenant status report gives information on tenant charges, receipts, and transactions for each building; three sections are given for new, current and previous tenants.
In addition to the management firm's name and address, the owner's name, and the building street address, detailed information is listed regarding the unit number and type, the unit square foot area (optional), tenant and co-tenant names, the lease expiration date, occupancy or vacate date, the amount of tenant deposit paid, the tax clause base year and percent (if applicable), the unit rental amount, the previous balance, the type and amount of any fixed charges, the date and amount and description of all transactions, and the current balance due.

Totals for the building are also given for the square footage, deposits, gross rental and vacancy loss, pre-paid or arrears previous balance, fixed charges, current month's rent receipts and other payments, and the current pre-paid or arrears balance.

New tenants are recorded separately on the Tenant Status Report. They are automatically moved into the current category on the occupancy date. As may be noted, transactions can be carried out immediately for new tenants.

All tenants are moved on their vacate date to a "previous" category on the Tenant Status Report and are not dropped from the computer file until their account is settled. This requires that their deposits and balance due be zero and, furthermore, that there have been no transactions in their account for one entire month. At the end of the three categories of tenants, a set of grand totals is presented. In addition, a unit count for the entire building is provided in summary form by type; i.e., commercial studio, one bedroom, and so on.

The Lease Expiration Report is an exception report listing all tenants in each building with leases expiring within a specified period. This notice period is selectable by the property management firm. Tenant-at-Wills can be reported on this report and optional calculations, such as the rent per square foot, can be provided.

The Detailed Expense Report is effective-ly an expense ledger for each project. It is typically prepared monthly and reflects the detailed supporting information for all expenses paid under each expense account. It lists the account, the description, and the vendor payment information (invoice number, payment date, check number, amount). A summary total, by vendor, is given as well as the expense account total. This total expense account amount is the same as that which would appear on the summary income and expense report.

The Rental Changes Report is a building exception report showing increases or decreases in the rent roll by each contributing unit—apartment, commercial, or parking. Adjustments for any unit are shown explicitly and summary totals presented. Finally, each vacancy is listed by unit with its dollar amount and the total vacancy figure is computed for that building. The change in gross possible, the adjustments for the building, and the vacancies are reflected as total amounts on the summary income and expense report; the Rental Changes Report provides the backup data for management review and control.

The Earned Income and Expense Report provides a complete summary by project of all income and expenses. Historical, comparative, statistical, and variance data can be selected. The report has both monthly and year-to-date information for the current year and prior year. The prior year data could be replaced or augmented by a budget and the resulting variances computed. Under the year-to-date column are statistical computations for each line item—percent of gross possible and a per square foot or unit calculation. Cash receipts is computed on the basis of gross possible, vacancies, adjustments, and the accounts receivable at the beginning and end of the period.

Expense information can be broken into several categories. It should be noted that the choice of expense account numbers and descriptors are at the option of the property management firm.

Continuing to the second part of the Earned Income and Expense Report, information regarding the net operating cash surplus for the project is presented. Other disbursements are then listed so that a net cash surplus or deficit for the project can be computed. The last part of the report
Figure 7: Computer-prepared vendor checks show all information regarding payment.
centers on the owner's account. It permits rapid identification of money received or paid to the owner and the current cash owed to the owner on a year-to-date or current month basis.

An option exists for the property management firm to select an integrated accounts payable system. This selection does not require any additional posting or recording by the office staff. A single Account Payable Check with a voucher copy is prepared for each vendor requiring payment (see Figure 7). This check writing process can be repeated several times during the month. The remittance portion of the check gives detailed information regarding each posting and distribution. The check is automatically addressed and protect-written; it is returned to the office for signature and insertion into a window envelope for mailing. The voucher copy is retained in the office as a permanent record.

With each check writing cycle, a Check Register is also provided. As can be readily seen on the register, the option for the management firm to write its own checks exists at any time. This information is entered in almost the identical fashion as a computer check written distribution amount, therefore requiring little additional work. Totals for all the check writing period are shown, as well as a total for all check writing from the beginning of the month. The date of check writing, check number, vendor name, and the amount of the check are all listed in sequence for ease in reconciliation of the bank statement.

As a by-product of the check writing operation, a Vendor List is supplied each month. It gives a set of complete information for each vendor. The vendor's account number is listed first, and then his name and address. Additionally, the management firm may record the vendor's telephone number so that the report can be used in a variety of situations. Another feature is a summary of the year-to-date payments made to each vendor by the management firm. Besides the report serving clerical purposes, it should assist the property manager as a valuable reference and management tool.

Many other reports can be prepared for the management office to insure control, to reduce office paper work, to report exception conditions and to provide top management with concise reports reflecting their overall operating positions.

Costs for obtaining property management information system services usually involve the following component areas: implementation, equipment rental, monthly data processing and special forms. The most significant of these elements is typically the monthly operating costs, which may vary considerably from one service firm to another. It seems reasonable to expect that the cost of these services and their benefits will generally go together.

In this regard, the management firm must balance these costs with aspects as:

- Potential direct labor savings
- More effective use of management time
- The value of timely information
- Operating flexibility
- Operational efficiency and simplicity
- Growth capacity
- Service firm knowledge and professional support in systems, procedures, data processing, accounting, property management and other relevant areas.

Through the use of technology and systems analysis, an innovative computerized property management information service has evolved, and a management firm can now have a completely automated system that minimizes the manual handling of recurring tasks and provides total capability.

Stephen A. Levine is Director of Real Estate Services at The Analytic Sciences Corporation (TASC), Reading, Mass. He is responsible for all property management information system services, data processing and management consulting/system analysis work for the Greater Boston Real Estate Board and Northern Virginia Board of Realtors.
Guidelines for Assuming New Accounts

by Stanley Barton, CPM

The following format is a suggested guide in evaluating and servicing new accounts.

1. Gather as much information as available about new client and his corporate entity to be represented. Obtain credit reports when possible.
2. If the property has not yet been acquired, learn as much as possible about the type of or subject property being considered.
3. Evaluate current trends affecting that type of property.
4. Evaluate location for that specific type of investment.
5. Determine type of purchase—fee simple or a leasehold interest.
6. If it is a leasehold interest, review terms and conditions of lease.
7. Determine owner's reasons for investing—profit, depreciation, tax loss, quick sale speculation, estate planning, prestige.
8. Review statement of income and expenses for past several years.
9. Develop a statement of stabilized income and expenses as a budget guide.
10. Evaluate building's present management and its policies.
11. Evaluate present building staff.
12. Evaluate condition of building from top to bottom. Inspect all mechanical, electrical, plumbing, exterior, elevator systems, etc.
13. Evaluate condition of building's equipment.
14. Analyze existing leases and prepare rent rolls with tenant names, suite numbers and a) period; b) options; c) rates; d) escalation adjustments.
15. Compare subject building's rate with comparable and competitive market.
16. Compare subject building's vacancies with general market vacancy reports.
17. Evaluate present supply and demand.
18. Grade subject building according to comparables.
19. Define owner's criteria for maintenance standards and guide him to an acceptable level.
20. Prepare recommendations based on facts; they should be achievable and practical, enhance owner's position through the increase of income and decrease of expenses, and listed in priority sequence.
21. Immediately establish building and tenant control upon engagement by client.
22. Immediately assign proper personnel to building.
23. Establish a tenant public relations program starting with personal visits with each tenant and evaluate any grievances.
24. Explain all new policies and procedures, new billing systems and other changes in building operation to tenants.

Stanley Barton, CPM, is vice president of Baker Properties Management Company, Minneapolis, Minn. As a member of IREM, he presently is serving as vice president of the Minnesota Chapter and on the Special Courses Committee. He is also a member of the Building Codes and Advisory Commission for the City of St. Louis Park, Minn.
A Property Manager’s Strategy for...

Pets in Apartments

The policy of accepting pets in multi-unit apartment dwellings has created a myriad of rules, regulations, and problems for today’s apartment manager. In today’s market, the apartment manager must be exceptionally cautious as to when and when not to allow a pet.

During periods of low vacancies, the apartment manager can turn down any application with pets. In many cases the prospective tenant would be disqualified even prior to filling out an application. Particularly in older properties, where rents are low and vacancies nonexistent, the manager can be discreet and simply apply the policy of “no pets.” A strong rental market can assure the owner and his agent high occupancy.

A contrast to this situation is the high vacancy factor of new luxury properties. Due to high vacancies many managers find themselves making changes in policies regarding pets in order to “fill” a new development. The “no pet” policy is usually altered to allow “small pets,” small enough to be carried while in the building. This is done in hopes of renting the development sooner, which, in theory, will bring a faster yield to principals and agent.

In a recent marketing program on Chicago’s north side, this was exactly the case. Management felt a “few pets” could do no harm and would bring faster rentals. The policy changed from “only pets that could be carried” to “pet owners must use only the freight elevator when ingressing and egressing,” to “one large boxer for a larger apartment.” After all, it meant one less vacant two-bedroom apartment at $350 per month times 24 months, etc.

Prior to any major apartment marketing program, management must closely examine the rental market to determine whether...
Pet Rider

This rider is attached to and made a part of a certain lease dated _______ between ________, Agent, as Agent for Lessor and ________, Lessee covering the period from _______ to _______. Premises known as Apartment # _______, in the building located at _______.

The Lessor agrees as follows:

Permission is hereby given for Lessee’s Pet, being a ________, to be kept within the apartment herein demised. Such permission is being given with the express understanding and agreement by Lessee that said pet, when taken in and out of the apartment, will be carried in the arms of the owner in the elevator designated for this purpose, to the streets, using the side entrance of the building and that said pet will be kept under full control at all times.

That, when walking said pet, Lessee will walk pet away from public places, lawns, and sidewalks of the building in which the demised apartment is contained.

That, Lessee shall be responsible for all damage done to the demised apartment and all furniture and carpets surrounding public places in the building.

That, said pet will not annoy other tenants or the public within the building, and, if, in the sole discretion of the Lessor and/or his Agent, said Pet becomes a nuisance or annoyance to the public or other tenants of the building, then, at the written direction of the Lessor and/or his Agent to the Lessee, Lessee shall within ten days thereafter remove said Pet from the premises and discontinue said Pet’s presence within the apartment and/or the building.

Lessee

Lessee

Agent

By: ____________________________________________

or not pets will be allowed. If a policy of allowing pets is adopted, a set of strict rules and regulations should be drawn and made clear to the tenant.

Before adopting a pet policy, it should be discussed, analyzed, and decided upon by the management. In addition, all rental agents should know the policy and under no circumstances should it be slightly changed. Once a policy is set and even slightly veered from, it no longer exists.

Following is a suggested timetable if a “pet” policy is being considered:

1. Analyze the rental market to determine if pets should be allowed. Do surrounding properties, new and old, allow pets? How old are the properties and WHY do they or do they not allow pets? What is
the vacancy factor in properties not allowing pets? Visit the properties and discuss how each particular policy affects the economics of the property. Did they allow pets in merchandising and, if so, what was the result? Are tenants following the building policies and, if not, what recourse does management have to violators?

Once management analyzes the entire area in regard to pets and policies and decides that, due to circumstances, pets will be allowed, the next step should be taken:

2. The Pet Rider. A simple and understandable “Pet Rider” should be drawn. In the event court action must be taken, the legal complications and time involved will be minimal and in favor of management. Always consult with your own attorney when making a pet rider. A suggested pet rider accompanies this article.

3. Limit the size of the pet. This is important in that rental agents and managers alike will have a tendency to “slightly veer” from the policy of only “pets that can be carried,” to “pets that may be walked to and from the freight elevator.” UNDER NO CIRCUMSTANCES WILL PETS BE ALLOWED TO BE WALKED WHILE IN THE BUILDING. Impress upon rental agents the importance of understanding this policy fully and making it explicitly clear to a pet owner.

A problem that frequently arises occurs when an older pet owner, due to age and physical limitations, cannot follow the policy of carrying his pet even after agreeing to it and signing the rider to that effect. Remember always to stress these policies to pet owners prior to the signing of a Pet Rider.

Dealing with “pet rider violators” can be and is expensive in terms of money and time. The solution is to enforce rigidly every word of the pet rider and let all concerned know that management will, in every instance, enforce the rider. If a pet owner is caught violating the rider, immediate action should be taken for removal of the pet.

It only takes one tenant to violate management laxity and feel that the pet rider is only a piece of worthless paper. In a short time, the policies are broken and no policy exists. One tenant will say, “Why should I carry my pet or use the freight elevator when Mr. Jones does not?” This reaction spreads from one tenant to another until no one follows the policy.

To avert this situation, immediate action must be taken in enforcing the pet rider.

A policy now catching on is the letter of recommendation from a previous landlord regarding a pet. Many managers feel that people who are good pet owners tend to be good tenants and this will be reflected by a previous landlord. The policy of ascertaining this information is quite inexpensive and can be done when checking past residences. It also can save agent and owner many dollars and hours spent enforcing regulations regarding pet rider violators.

Another policy becoming more widespread is that of requiring vaccination certificates from a veterinarian. If an applicant hasn’t had his pet to a veterinarian in several years, you may assume he will not be a good prospective tenant. In my opinion, if he does not care about the health of his pet, he probably will not take good care of his apartment or be concerned about the pet’s behavior in the complex.

Michael P. Petlik, CPM candidate, is a property manager for the Chicago real estate firm of Baird & Warner, Inc. He entered the real estate management field following military service and for the past three years has been managing apartment, office, and commercial space on Chicago’s far north side. He is a member of the Apartment Building Owners and Managers Association, Chicago Real Estate Board and Chicago’s North Side Real Estate Board. He is attending Northwestern University working toward a degree in business.
Investment Upgrading

by Stuart W. Kaiserman, CPM

Older buildings are not usually favored as a prime field of investment opportunity, but there exist many buildings in most cities that offer a good appeal to the real estate investor—that is, if the proper management processes are applied. In many cases, these buildings are structurally sound and in excellent condition; however, the owner may be struggling to keep up with the competition because he is not or cannot proceed with a program of continual upgrading. Where such programs can be instituted, the end result is usually a successfully handled investment.

Upgrading an older apartment building can be a challenge, both in regard to physical alterations as well as acquainting tenants to the needs of the building, particularly when new management is involved. This was the case with a building which we acquired in January 1970—a 40-year-old apartment building on the near north side of Chicago.

The 20-story building had 247 studio, one- and two-bedroom units and catered to a middle and upper income group, many of whom were approaching retirement age. The building was in excellent condition when we took control of it, but based upon existing rental rates and rising operating costs, the previous owner had not been able to maintain a program of continuous upgrading.

The first step was to establish a new rent structure. None of the tenants was on lease so during the first quarter of 1970, we advised these tenants that leases would be submitted for periods ranging from 12 to 24 months, with monthly increases ranging from $25 to $60. Of the 246 occupants living in the building when we assumed management, the building lost 46, or 20 percent from May to October of that year. However, we were able to re-rent these units almost immediately, plus there was an overall income gain due to the increase in rents as shown below:

<table>
<thead>
<tr>
<th></th>
<th>Old Rental</th>
<th>Revised Rental</th>
</tr>
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<tbody>
<tr>
<td>171 Efficiencies</td>
<td>$115</td>
<td>$140-160</td>
</tr>
<tr>
<td>70 1-bedrooms</td>
<td>$130-140</td>
<td>$165-200</td>
</tr>
<tr>
<td>6 2-bedrooms</td>
<td>$190</td>
<td>$240</td>
</tr>
</tbody>
</table>

The building underwent a thorough overhauling which was fundable through the increases in rents. Over 80 percent of the units were redecorated, which included replastering the walls and ceilings and sanding and refinishing parquet floors. Other expenditures involved the installation of many new stoves and refrigerators; upgrading electrical service so that tenants would be able to install air conditioning in their apartments; and replacing hallway carpeting and lighting.

The laundry room was extensively remodeled, including installation of new equipment, vinyl asbestos flooring and painting the walls and ceilings. The size of the room was reduced with partitioning, and new light fixtures, tables, chairs and planters were also installed. This restructuring provided additional storage space behind the laundry room.

We cancelled a contract with the existing coin-operating service and entered into a new contract with another firm. The new contract guaranteed the building $100 a month against a commission of 35 percent on all gross collections up to $650 per month and 50 percent on gross collections over that amount; the contract also speci-
entified that the laundry firm was to do the above remodeling at their cost.

Switchboard service to the building was retained on a 24-hour basis but with an increase in the tenants' monthly service charge. Tenants having their own phones were also charged an additional amount, and these charges are expected to increase income approximately $3,500 to $4,000 a year. Other personnel changes included the dismissal of an engineer and a receiving clerk, which even when accounting for wage increases to remaining personnel will give us another $2,000 savings.

The building contained five shops on the first floor which also were involved in the upgrading program. A major tenant storefront was remodeled as were some of the other stores to tie in with this facade. Some of this expense was to be reimbursable from the tenants. Additionally, we are charging these tenants a cumulative amount of $75 for scavenger service, which will offset in part the $150 monthly scavenger charge for the entire building.

A new lease with the major store tenant was entered into at $300 a month for a five-year period. This represents a monthly increase of $183, but required a contribution of $4,000 on our part for the new storefront. While this does not represent a substantial net increment for taking into consideration the cost of remodeling, we feel it was a worthwhile project since it improves the appearance of the building and extends the lease of a worthwhile first-floor tenant on the side of the building which is less desirable from a retail standpoint.

As of January 1, 1971, approximately 25 tenants were not yet on lease. These people were sent leases with the following options: If they did not sign a lease, rent would be increased by $8 a month on studios and $12 a month on one-bedrooms, with no decorating being given. If they did sign a lease, rent would be increased by $4 to $6 and they would be given half a month's decorating allowance.

We have instituted a policy of staggering lease expirations; those formerly expiring on April 30 now have March 1, April 30 and May 31 endings. For those leases showing an expiration date of September 30, they now are staggered to August 31, September 30 and October 31.

The new rental schedule, implemented without serious turnover, increased the gross income and more than covered anticipated increases in operating expenses. Cash flow has been reasonably consistent with projections and substantial debt has been reduced through mortgage amortization.

The building enjoys a splendid reputation and in a time where vacancy factors are higher than at any other period during the last six years, it has had excellent occupancy and we believe we have maintained the quality of the tenancy.

Stuart W. Kaiserman, CPM, is vice president and director of management services for Real Estate Services Corporation, Chicago. He is a member of the Chicago Real Estate Board and the Apartment Building Owners and Managers Association of Chicago. He holds a Bachelor of Science in Business Administration degree and is a management consultant to a local community council.
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Tenant Services Key To Total Office Building Environment

by Irwin Daniels

Today we hear a great deal about "new towns" in residential development. The appeal of "new towns" is their self-containment, providing residents with the complete range of daily services and requirements—from restaurants to recreation.

Significantly, the same thinking is now playing an increasingly important role in the development of highrise office buildings. The intent is similar: Meeting the needs of the consumer at all levels. This spells tenant relations, a concept that is crucial to property managers today.

We are far past the day when developers and property managers of large office buildings could consider their work done once space was filled. Competition is far too intense and, even more important, today's highrise tenant is far too sophisticated to settle for "absentee landlordism" and subsequent disregard for his daily needs.

Just how can we best meet the needs of tenants in highrise commercial structures in the '70s?

First, we must consider that time spent in an office building is similar to life in a residential community in many ways. Its occupants spend most of their waking hours in the office environment. Many of the same services are required: restaurants, shopping facilities, banking establishments, transportation, postal stations, and a myriad of other services.

The goal is to provide a totally self-contained facility—a "new town" if you will—so that tenants can satisfy most of their daily needs without leaving the building. We have tried to provide these services in all of our buildings.

For example, in our newest building, the 15-story Property Research Building in the Century City area of Los Angeles, many of these crucial services have been included within the building. Located on the ground floor for easy access are a major bank branch, two restaurants (one aimed at secretaries and one for the businessman), a large gift shop, and a contract substation of the U.S. Postal Service. These facilities have drawn extensive tenant response having saved them countless hours of time.

Many other services are offered that are important to tenants on a more basic level. Among these is a car rental system which we recently introduced. Recognizing that many businessmen are often without their cars for one reason or another, and that many more simply would rather not drive their cars to work, a rental system was designed to accommodate the specific needs of tenants during the work day. This includes unexpected meetings outside the office, unscheduled trips, transportation for out-of-town guests, and for use while tenants' cars are being serviced.

Tenants need only go to our parking lot and insert a card into a computerized machine and instantly a car is assigned for their use. When they are through using the car, they simply return it, being charged only for the actual time they used the car (some 35 percent less than the average rental).

We expect to extend this type of activity by providing bicycle racks in our garage for those who enjoy pedaling to work and getting some needed exercise in the process. All of this helps to build a community feeling in our buildings, an invaluable commodity in management.

Other services our tenants also enjoy include an air conditioning system that can be put into operation after-hours simply by pushing a button; after-hours garage parking privileges for special purposes (such as for accountants during the tax season); an early postal delivery system with individual lock boxes; an electronic fire detection and alarm system, monitored by an around-the-clock security guard; and an emergency generator in case of electrical failure.
Complementing this program of tenant services is our equally intense program of building maintenance. The heart of our maintenance program is a communications network that keeps our management in constant personal contact with virtually every tenant. This communications program is designed to make us visible to tenants and assures them that their concerns are our concerns.

Our maintenance staff includes one full-time specialist who exclusively visits tenants regularly to make certain they are receiving the benefits of all services and facilities. It is mandatory that management play a personal role in this area.

Since it has always been our policy to locate our offices in one of our own buildings, we recently established our headquarters in the Property Research Building. Obviously, this makes the job of communications with tenants in this building a simple matter. But what of the other buildings we manage? How do we stay on top of matters here?

Communications should play an important role in the management of any office building; here, in the Property Research Building in Los Angeles, radio and phone systems are utilized to achieve quick contact between the management office and service personnel.
Recently, we developed a streamlined communications system that is being constantly up-dated which keeps us in touch with every building on a moment-to-moment basis. The system allows us to keep in contact with our on-duty service crews and maintenance people 24 hours a day. It also keeps top executives of our firm in touch with one another, even on weekends. Incidentally, our firm maintains its own servicemen, service equipment and engineering personnel.

The heart of this program is a private line phone and private radio paging system that makes it possible to dispatch servicemen and other personnel in seconds to meet tenants' needs.

Here's how it works: When management personnel in our headquarters offices want to reach servicemen on any floor of any of our buildings, they simply activate a signal light and audible signal on the internal phone system in the desired building. Meanwhile, a signal is transmitted on the radio system for the specific individual whose services are required, thereby creating a back-up communications network in all instances.

The servicemen then acknowledge receipt of the signal through the private phone system and proceeds to resolve the problem. Conversely, if the serviceman wants to call the office, he merely picks up the phone, automatically ringing the main office.

The special private line is built into our firm's main phone system for each of the other buildings. In effect, we are not only resident managers in our headquarters building, we also "reside" in every building we manage through the use of modern technology.

What is so important to us about this approach is that our tenants have the constant assurance that they are always able to deal DIRECTLY with the owner-manager. The trust and rapport that has developed between our management and tenants as a result of these practices is the cornerstone of our business.

Irwin Daniels is a principal in the Daniels/Held Organization, which manages six office buildings comprising in excess of one million square feet of space in the West Los Angeles-Beverly Hills area. A graduate of the University of Southern California, Mr. Daniels has been in the property development and management field for over two decades. He is active in many civic organizations and has appeared as a lecturer on a variety of real estate-related subjects.
Rating Real Estate
by Lloyd D. Hanford, Sr., CPM

As a means of guiding the public, every type of investment can be rated as to its value as related to the market; and real estate is no exception. The following "Hanford Rating Schedule" is the result of long experience and observation of the criteria that determine the attractiveness of investment real estate in the overall real estate market and is designed to serve as a guide for the Realtor and investor.

In this system, 10 points are allocated as maximums in each category. There are 12 categories for residential properties and 11 categories for all other investment types. The ratings are:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Residential Points</th>
<th>All Other Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAAA</td>
<td>110-130</td>
<td>100-120</td>
</tr>
<tr>
<td>AAA</td>
<td>100-110</td>
<td>90-100</td>
</tr>
<tr>
<td>AA</td>
<td>90-100</td>
<td>80-90</td>
</tr>
<tr>
<td>A</td>
<td>80-90</td>
<td>70-80</td>
</tr>
<tr>
<td>B</td>
<td>70-80</td>
<td>60-70</td>
</tr>
<tr>
<td>C</td>
<td>60-70</td>
<td>50-60</td>
</tr>
<tr>
<td>D</td>
<td>40-60</td>
<td>30-50</td>
</tr>
<tr>
<td>Z</td>
<td>0-40</td>
<td>0-30</td>
</tr>
</tbody>
</table>

Although this rating schedule results from comprehensive study and observation, it is probable that improvements can be suggested and be effected as use may indicate. The rating will be invaluable to the expert manager in assisting him to evaluate his management commitment and indicate possible directions for improvement of the properties under his direction. The reader is urged to test this schedule against a number of investment properties of all types; suggestions for improvement are earnestly solicited by the author.

Lloyd D. Hanford, Sr., CPM, a principal in the firm Hanford-Freund & Co., San Francisco, is the editor of the Journal of Property Management. In 1958 he was national president of IREM and he currently serves as a member of its Course II and III faculty. Mr. Hanford holds membership in the American Society of Real Estate Counselors and the National Institute of Real Estate Brokers as well as Lambda Alpha, honorary land economics fraternity, and the San Francisco Advisory Council of the American Arbitration Association.

I. NEIGHBORHOOD
1. Strong and improving 10
2. Strong and static 8
3. Fair and stable 7
4. Transitional to higher use 6
5. Good but declining 4
6. Poor and static 3
7. Poor and declining slowly 2
8. Poor and declining rapidly 0

II. PHYSICAL CONDITION & APPEARANCE
1. Excellent 10
2. Good—some deferred maintenance 8
3. Good—some curable obsolescence 8
4. Good—some deferred maintenance and curable obsolescence 6
5. Good—much deferred maintenance 5
6. Good—much curable obsolescence 5
7. Good—much deferred maintenance and curable obsolescence 3
8. Fair—much deferred maintenance and curable obsolescence 2
9. Poor—much deferred maintenance and curable obsolescence 1
10. Very poor condition and appearance 0

III. AVAILABLE FINANCING
1. Mortgage loan prime rate, long term, 90% of value 10
2. Prime rate plus 1, long term, 85% of value 8
3. Prime rate plus 2, moderate term, 80% of value 6
4. Prime rate plus 2 1/2, moderate term, 75% of value 4
5. Prime rate plus 3, short term, 60% of value 2
6. Take back by seller, no comparable outside lender 1
7. None available 0

IV. TENANT STABILITY
1. Top credit, long-term lease 10
2. Moderate credit, long-term lease 8
3. Top credit, short-term lease 7
4. Moderate credit, short-term lease 6
5. Top credit, month-to-month 5
6. Moderate credit, month-to-month 4
7. Poor credit, month-to-month 2
8. Unstable and undesirable 0

V. AGE & BUILDING CONSTRUCTION TYPE
1. Less than 5 years, steel frame and masonry 10
2. Less than 5 years, all concrete and masonry 9
3. Less than 5 years, mostly frame 7
<table>
<thead>
<tr>
<th>V. AGE (cont'd.)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4. 5-15 years, steel frame</td>
<td>7</td>
</tr>
<tr>
<td>5. 5-15 years, concrete and masonry</td>
<td>6</td>
</tr>
<tr>
<td>6. 5-15 years, mostly wood frame</td>
<td>5</td>
</tr>
<tr>
<td>7. 15-30 years, steel frame and masonry</td>
<td>6</td>
</tr>
<tr>
<td>8. 15-30 years, concrete and masonry</td>
<td>5</td>
</tr>
<tr>
<td>9. 15-30 years, mostly wood frame</td>
<td>4</td>
</tr>
<tr>
<td>10. Over 30 years, steel and masonry</td>
<td>5</td>
</tr>
<tr>
<td>11. Over 30 years, concrete and masonry</td>
<td>4</td>
</tr>
<tr>
<td>12. Over 30 years, mostly wood frame</td>
<td>3</td>
</tr>
<tr>
<td>13. Special, built-to-suit, steel frame and masonry</td>
<td>7</td>
</tr>
<tr>
<td>14. Special, built-to-suit, concrete and masonry</td>
<td>6</td>
</tr>
<tr>
<td>15. Special, built-to-suit, mostly wood frame</td>
<td>5</td>
</tr>
<tr>
<td>16. Over 50 years, steel frame and masonry</td>
<td>5</td>
</tr>
<tr>
<td>17. Over 50 years, concrete and masonry</td>
<td>4</td>
</tr>
<tr>
<td>18. Over 50 years, mostly wood frame</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VI. RELATION OF APPRAISED FAIR MARKET VALUE TO REPRODUCTION COST</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Well below</td>
<td>10</td>
</tr>
<tr>
<td>2. Slightly below</td>
<td>9</td>
</tr>
<tr>
<td>3. Equal</td>
<td>8</td>
</tr>
<tr>
<td>4. Slightly above</td>
<td>6</td>
</tr>
<tr>
<td>5. Much above</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VII. RENTALS &amp; SPECIAL LEASE PROVISIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Below market with tax and other escalators</td>
<td>10</td>
</tr>
<tr>
<td>2. At market with tax and other escalators</td>
<td>9</td>
</tr>
<tr>
<td>3. Below market with only tax escalator</td>
<td>8</td>
</tr>
<tr>
<td>4. At market with only tax escalator</td>
<td>7</td>
</tr>
<tr>
<td>5. Above market with tax and other escalators</td>
<td>6</td>
</tr>
<tr>
<td>6. Above market with only tax escalators</td>
<td>5</td>
</tr>
<tr>
<td>7. Below market with no escalators</td>
<td>4</td>
</tr>
<tr>
<td>8. At market with no escalators</td>
<td>3</td>
</tr>
<tr>
<td>9. Above market with no escalators</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VIII. ACTUAL NET OPERATING INCOME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prime mortgage rate, plus 5</td>
<td>10</td>
</tr>
<tr>
<td>2. Prime mortgage rate, plus 4</td>
<td>9</td>
</tr>
<tr>
<td>3. Prime mortgage rate, plus 3</td>
<td>7</td>
</tr>
<tr>
<td>4. Prime mortgage rate, plus 2</td>
<td>6</td>
</tr>
<tr>
<td>5. Prime mortgage rate, plus 1</td>
<td>4</td>
</tr>
<tr>
<td>6. Prime mortgage rate, equal</td>
<td>1</td>
</tr>
<tr>
<td>7. Prime mortgage rate, below</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IX. SPACE DEMAND</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strong and increasing</td>
<td>10</td>
</tr>
<tr>
<td>2. Strong and stable</td>
<td>9</td>
</tr>
<tr>
<td>3. Strong but decreasing</td>
<td>7</td>
</tr>
<tr>
<td>4. Moderate and stable</td>
<td>6</td>
</tr>
<tr>
<td>5. Moderate but decreasing</td>
<td>4</td>
</tr>
<tr>
<td>6. Weak but improving</td>
<td>3</td>
</tr>
<tr>
<td>7. Weak and decreasing</td>
<td>2</td>
</tr>
<tr>
<td>8. Poor</td>
<td>1</td>
</tr>
<tr>
<td>9. None</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>X. INCOME TAX BENEFITS AVAILABLE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All accelerated depreciation, building 5 or more times total cost</td>
<td>10</td>
</tr>
<tr>
<td>2. 150% declining balance depreciation allowed, building 5 or more times total cost</td>
<td>8</td>
</tr>
<tr>
<td>3. 125% declining balance depreciation allowed, building 5 or more times total cost</td>
<td>6</td>
</tr>
<tr>
<td>4. Straight line only allowed, building 5 or more times total cost</td>
<td>5</td>
</tr>
<tr>
<td>5. Remaining economic lives more than 20 years—deduct 10% for each five years added.</td>
<td>5</td>
</tr>
<tr>
<td>6. For reduced ratio of building value to total cost, deduct 10% for each unit of reduced ratio. Ratios less than 1-2 rate 0.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>XI. PARKING &amp; TRANSIT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Excellent off-street parking and very good public transit</td>
<td>10</td>
</tr>
<tr>
<td>2. Limited off-street parking and good public transit</td>
<td>8</td>
</tr>
<tr>
<td>3. No off-street parking but good public transit</td>
<td>7</td>
</tr>
<tr>
<td>4. No off-street parking but fair public transit</td>
<td>6</td>
</tr>
<tr>
<td>5. Good off-street parking but poor public transit</td>
<td>6</td>
</tr>
<tr>
<td>6. Public parking close at hand and fair public transit</td>
<td>5</td>
</tr>
<tr>
<td>7. Only on-street parking and fair public transit</td>
<td>4</td>
</tr>
<tr>
<td>8. No on-street parking and fair public transit</td>
<td>3</td>
</tr>
<tr>
<td>9. No on-street parking and poor public transit</td>
<td>2</td>
</tr>
<tr>
<td>10. No on-street parking and no public transit</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>XII. RECREATION FACILITIES (for residential properties only)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Full recreation facilities and other residential amenities</td>
<td>10</td>
</tr>
<tr>
<td>2. Limited recreation facilities and other amenities</td>
<td>8</td>
</tr>
<tr>
<td>3. No recreation facilities but other amenities</td>
<td>7</td>
</tr>
<tr>
<td>4. No recreation facilities and limited other amenities</td>
<td>6</td>
</tr>
<tr>
<td>5. No recreation facilities and no other amenities</td>
<td>4</td>
</tr>
</tbody>
</table>
Profitable
Real Estate
Management
Starts
Here:

The real estate practitioner who believes that property management is little more than collecting rent is living in the past. We hope he isn't beyond help, but we realize that while our book, The Real Estate Management Department, may produce a wonderful revolution in some offices, it can't work miracles. What it can do, however, is provide you with a step-by-step, "how to do it" procedure when you find that you must or should set up a real estate management department. The cost is only $7.50.

Did you know that a properly operating management department in a brokerage office is a real source of benefit to the broker in ways other than the tangible management fees? Are you aware of benefits available to the client whose property is placed under the care of a professional manager? Your office can't really offer complete real estate service to the public unless you are grounded in this subject.

After you decide to set up a management department to augment your present services, will you be aware of the ethical responsibilities of the manager and the tested objectives and policies of the well-run management business? A "no" to any of these questions shows a need for the professional education available to you at modest cost—$7.50—in The Real Estate Management Department.

A bonus to the educational chapters is the extensive collection of business forms which has been reproduced at the end of the book. These forms are in use today by many successful offices in the real estate management field. A discussion of the use of time-saving, standardized forms in management is also included as the single topic of an entire chapter.

Other chapters included are: Budgeting the Operation of a Management Department, Management Procedures, Management Contracts and Fees, Insurance for the Property Manager, Management Policies, and Building a Management Business.

Because of the overwhelming demand for an updated book of this nature, this new and revised edition of The Real Estate Management Department is destined to follow its predecessor in becoming a desktop guidebook for the profession and a constant source of practical reference material. We know you'll use and appreciate the latest word in professional property management, The Real Estate Management Department.

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New Products

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When Requesting Information,
Referring to Key Number and Dept. JPM.

3-1 SWIMMING POOL CONTROL
A multi-function time control that can start and stop swimming pool filter pump, flood lights, underwater lighting, pool alarms and water heaters has been introduced by AMF Paragon. The 4011 Series of timers for swimming pool installations feature 24-hour dials, offering as many as seven on-off operations per day, with operating periods ranging from 1½ to 22½ hours. All models are equipped with self-starting, self-lubricating industrial type synchronous timing motors. The time switches, available in either 120 or 208-240 volt AC versions, are protected with indoor-outdoor cases.
AMF Paragon, Dept. JPM,
1600 Twelfth St.,
Two Rivers, Wi. 54241.

3-2 VENETIAN BLIND WINDOW
A venetian blind window for new construction or replacement has been announced by DeVAC, Inc. The window, featuring DeVAC's Thermo-Barrier performance, is available in vertical and horizontal sliding models. The one-inch venetian blind is internally mounted and remotely operated and removable for cleaning. The window also features split-frame, dual-glazed design.
DeVAC, Inc., Dept. JPM,
10130 Highway 55,
Minneapolis, Mn. 55441.

3-3 ROOF COATING
Consolidated Paint & Varnish Corp. announces Goodyear Conso-Glas roof coating system, designed to build a new roof over existing roofing. Goodyear Conso-Glas is a matting of glass fibers held together with a resin and coated on both sides of the mat with asphalt. The matting is imbedded in quick-dry adhesive after which a coat of Goodyear Flex-A-Roof is brushed or sprayed as a finish coat. Conso-Glas comes in rolls of 540 square feet marked with lines as a guide in laying.
Consolidated Paint & Varnish Corp.,
Dept. JPM, East Ohio Building,
Cleveland, Oh. 44114.

3-4 PARKING LOT TEMPLATES
A set of six parking lot layout templates is available from Maintenance, Inc. The templates are suitable for use in planning practically any type of public or private parking arrangement. Two provide for 45-degree parking, two for 60-degree and two for 90-degree parking. Scales are one-inch to 20 ft. and one-inch to 50 ft.
Maintenance, Inc.,
Dept. JPM,
Wooster, Oh. 44691.

3-5 BATHTUB COATING
A chemical coating designed to make bathtubs and shower floors slip-proof is available from Jackson Enterprises. Named Tubby, the treatment gives porcelain surfaces traction in minutes yet causes no damage or change in surface appearance, claims manufacturer. One kit per tub is required for effective treatment.
Jackson Enterprises, Dept. JPM,
413 S. Pleasant St.,
Oberlin, Oh. 44074.

3-6 OUTDOOR LUMINAIRE
Module 600 is an outdoor luminaire from Holophane Company, Inc., suitable for wall or pole mounting in shopping and civic malls, parking areas and walkways. Other applications include tunnels and underpasses. Designed to accommodate a range of lamps from 175 watt mercury to 400 watt metal halide, the Module 600 incorporates a single-piece prismatic refractor and a specially contoured reflector.
Reader Service Department,
Holophane Co., Inc.,
Dept. JPM,
1120 Avenue of the Americas
New York, N.Y. 10036.
3-7 "VANDAL-PROOF" LIGHT FIXTURES
A series of lighting fixtures called the "Tough Ones" has been introduced by Perfeclite, Inc. For applications in schools, recreational areas, transportation terminals, public housing, etc., the fixtures feature refractors of injection-molded polycarbonate. All units have diffusers sealed with an integral gasket to an aluminum die-cast body. Tamper-proof fasteners also are available. Perfeclite, Inc., Dept. JPM, 1407 E. 40th St., Cleveland, Oh. 44103.

3-8 SPRINKLER AID CATALOG
Melnor Industries makes available a 32-page catalog of lawn sprinklers and gardening aids. It details its lines of oscillating sprinklers, traveling and automatically timed systems, and underground sprinkler systems. Also included are a variety of hose attachments, lawn edgers, garden shears, etc. Melnor Industries, Dept. JPM, Moonachie, N.J. 07074.

3-9 FIRE ALARM SYSTEMS
More than 65 basic types of solid state fire alarm systems are available from Autocall Division, Federal Sign & Signal Corp. Systems feature AC or DC signal circuits, double supervision, plug-in printed circuit cards and dead front construction. They range from simple non-coded types to complex selective coded annunciated systems. The Public Relations Board, Inc., Dept. JPM, 75 E. Wacker Drive, Chicago, Ill. 60601.

3-10 APARTMENT MAILBOXES
Mailboxes featuring a master door with an interlocking latch which extends top to bottom on both opened and hinged sides has been developed by Auth Electric Company, Inc. The Series 470 apartment mailboxes are made of heavy-gauge extruded aluminum and available in two finishes: natural anodized aluminum and brass anodized aluminum. Auth Electric Co., Inc., Dept. JPM, 505 Acorn St., Deer Park, N.Y. 11729.
3-11 EXHAUST FAN CATALOG
A 24-page, full-color catalog of kitchen and bathroom exhaust fans has been issued by the Chromalox Comfort Conditioning Division of Emerson Electric Co. The catalog presents Chromalox's front-line style exhaust fans and includes a selection guide for specific applications. "Front-line" fans eliminate the "hole-in-the-wall" appearance of traditional louvered-grill fans, states manufacturer. Catalog DCP100, Chromalox Comfort Conditioning Div., Emerson Electric Co., Dept. JPM, 8100 Florissant, St. Louis, Mo. 63136.

3-12 SWIMMING POOL COATING
A plastic resin-base coating for application on steel or concrete swimming pools has been developed by the Ceilcote Company. Flakeline 200 coating can be applied by brush or spray equipment, and its anti-skid surface aids in preventing accidental slips and falls. Chlorine and other water treatment chemicals will not harm finish, according to manufacturer. The Ceilcote Co., Dept. JPM, 140 Sheldon Road, Berea, Oh. 44017.

3-13 BTU RECYCLING UNIT
A heating, cooling and ventilating package with a built-in air-to-air heat exchanger has been announced by Heat Recovery Corp. The unit features a metallic matrix twin Rotary-X-Charger which recovers and transfers energy normally wasted in the exhaust air stream. The unit requires no exterior duct work and installs in a matter of hours, claims manufacturer. Heat Recovery Corp., Dept. JPM, 590 Belleville Turnpike, Kearny, N.J. 07032.

---

Head Upward as a

RESIDENT MANAGER

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Real estate needs properly educated men and women as resident managers, and resident managers need training from the pros. The Institute of Real Estate Management offers a 3-day course designed to create effective managers for presentation in:

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  Twin Bridges Marriott

Some important course topics are: □ Resident Relations □ Merchandising □ Maintenance □ Collections and Reports □ Move-Ins and Move-Outs □ Security □ Taxes □ Objectives of Management. All will be thoroughly studied through lectures and discussion groups. The IREM faculty are Certified Property Managers who know what's needed to manage a building. Whether you are a beginner, an old hand, or an administrator who needs to know more about the resident manager's function, spend the three days and $175 for this educational opportunity from

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I wish to enroll in THE RESIDENT MANAGER COURSE presentation in
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Twin Bridges Marriott
□ I will require hotel accommodations; send reservation card which I will mail to hotel.

Name
Firm
Address
City/State/Zip
Type of Property Managed: □ Highrise □ Lowrise □ Garden
Approx. age of buildings: __________ No. of units: __________
Years of Experience
Signature

Tuition of $175 (U.S. funds) must accompany application

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Volume 37, Number 2, March/April 1972
3-14 GLIDING WINDOW
The Andersen Corporation announces its Perma-Shield gliding window featuring rigid-vinyl cladding over preservative-treated wood sash and frame. Standard double units have stationary right sash and operating left sash. Triple-sash picture windows, available April 1, 1972, have fixed center sash flanked by operating sash. Concealed locking hardware, weatherstripping and stainless steel glides are factory-installed.

3-15 SEWAGE GRINDER PUMP
A submersible grinder pump for sewage has been developed by Hydr-O-Matic Pump Company. Sewage and trash are ground up to pass through a ¼-inch nozzle. One installation can serve several homes or buildings and force sewage uphill through small diameter pipe to sewer mains at higher elevations. All parts of the unit are hardened stainless steel and complete assembly can be removed from pump without disturbing pump, seals or motor.

Hydr-O-Matic Pump Co., Dept. JPM, Hayesville, Oh. 44838.

3-16 BUILDING AUTOMATION COMPUTER
A computerized building automation system based on Honeywell's Delta 2000 has been announced by the company's commercial division. Beside handling routine startup/shutdown functions, the system can automatically fine-tune mechanical systems. It includes an "electronic memory" that will turn mechanical equipment, interior and exterior lighting, display fountains, elevators, etc., on and off according to a pre-set schedule. It can analyze equipment failures, shut down associated systems, tell the operator what has happened, what it has done and what he should do.

Honeywell's Commercial Division, Dept. JPM, 2727 S. Fourth Ave., Minneapolis, Mn. 55408.

3-17 PLASTIC MEDICINE CABINET
"Medicab," a one-piece molded plastic medicine cabinet that can be installed with four screws and requires no alterations to the wall, is available from Goodrich Products. The unit measures 34 by 20 inches and comes in avocado, white or yellow pastel. Unit has space for drinking containers and toothbrushes; towel rack, utility shelf and a compact medicine compartment hidden by a vanity mirror are also part of the unit.

Goodrich Products, Dept. JPM, 137 Sierra St., El Segundo, Ca. 90245.
MOVE OUT AND STAY OUT

...out in front in the world of real estate by developing and perfecting your expertise in management techniques. IREM offers a well-balanced educational program which can provide you with the essential knowledge of the management of property—be it a residential, office or commercial investment. Stay out in front in 1972 by enrolling in one or more of the IREM courses that speaks to your needs. Additionally, through attendance at IREM courses, you can earn valuable points to achieve the CPM designation. For an enrollment application, write to IREM's Director of Education.

Course 1: **PRACTICAL METHODS FOR SUCCESSFUL PROPERTY MANAGEMENT**

The groundwork for a sound education in property management. Covers topics such as management agreements, fees, accounting, merchandising rental units, neighborhood analysis, physical depreciation, deferred maintenance, real estate economics.

Limited to 90 students. Tuition: $250.
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Apr. 23-29 Miami Beach
Sept. 24-30 San Francisco
Oct. 22-28 Washington D.C.

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Deals with the long-range financial programs and illustrates the production of maximum financial yield for residential and commercial properties through skilled management practice.

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Apr. 23-29 Washington D.C.
May 14-20 Los Angeles
Oct. 8-14 Pittsburgh

Course 3: **EXECUTIVE MANAGEMENT SEMINAR**

The actual development of a management survey of an apartment building or office building through on-site analysis, or the preparation of a feasibility study.

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Sept. 27-30 Cincinnati (Apt.)
May 24-27 Chicago (Office)
Oct. 4-7 Phoenix (Feasibility)

Course 4: **OFFICE BUILDING DEVELOPMENT, LEASING & MANAGEMENT**

Illustrates how an office building is put together, starting with its "idea" stage and working through its development, merchandising, leasing and management phases.

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June 4-10 San Francisco
Sept. 17-23 Houston

Course 5: **MANAGING THE MANAGEMENT OFFICE**

*(For CPMs Only)*

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Second course to be announced

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We want more operating data on apartment buildings... more buildings, more apartments, more rooms, more square footage... than we've ever had before for the 1972 Apartment Building Income-Expense Analysis. Why? Because more data means a better, more representative sample of experience and, totally, a more useful Analysis. We want more lowrise, highrise and garden-type structures from your city and region to publish even more reliable averages.

These published averages establish industry-wide standards, giving the real estate practitioner a guideline against which individual apartment operation can be measured. And the guidelines are stronger when the data base is stronger. That's why we're looking for more.

As a contributor, you will benefit in two ways: when the 1972 Analysis is published next fall, a complimentary copy is yours for reference, and you are provided with a computerized print-out of income and expense averages on every building you submit. Naturally, the data you send us is held in strict confidence with only the averages developed from all buildings submitted in a category being publicly reported.

So help us build a wealth of information, then share in the wealth with us—participate in and benefit from the 1972 edition of the Apartment Building Income-Expense Analysis. Report forms are ready and waiting for you.