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The Pavement Network is an exclusive group of best-in-class pavement contractors who specialize in asphalt and concrete installation, repair and maintenance. Members are strategically located nationally, and are held to strict quality and customer service standards. Only contractors with proven track records for quality and integrity are admitted. Our industry experts provide dependable and timely service; with total solutions and painless project management. We Guarantee It!

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The choice is green
IREM staff brings sustainability to headquarters

It's spring: Are you green yet?

At this time of year when everyone is ready for spring and the world to become “green” again—no matter where you live—it's a great time to review goals set just a few months ago and keep the momentum going.

One the Institute’s goals for the year is to advance our work in understanding the issue of sustainability as it affects us as real estate managers. Truthfully, like many of you perhaps, I didn’t realize until recently the full breadth and scope of what “being green” really means in relation to our profession. Sure, we all know the basic things we can do about lighting and maybe have considered installing green roofs or using “green” cleaning products for our properties, but as we are all quickly learning, sustainability goes way beyond those areas.

To provide a case study example, if you will, I am pleased to share that in order to “walk the walk” and “talk the talk” about sustainability, IREM headquarters in Chicago has begun an initiative to “green” its office in the coming year. The voluntary staff involvement has been tremendous and the green community at IREM is growing. The focus early on has been on the environmental impact of personal practices in everyday life and the workplace. IREM staff will also be reviewing how socially responsible the use of resources in the leased space of the NAR building is and can be. We can look forward to future announcements on the progress the headquarters staff make as they turn their journey toward a greener workplace into a learning experience for us all.

In relation to this sustainability topic, many in our industry are unaware of the rapid movement in legislation on the local, state and federal levels in all matters green. The article, “Sustainability Now In Session,” on page 34 of this issue, illuminates this issue for all of us. Be sure to look for more information and updates within JPM and on the IREM Web site as the year progresses.

Finally, as we are fast approaching that time of year when IREM holds its spring business and governance meetings followed by our annual visit to Capitol Hill in Washington, D.C., on April 16, I encourage all of you to review what your chapters may be doing to support IREM’s efforts on the Hill. If you haven’t ever lobbied on the Hill with fellow IREM Members, I can assure you it’s an experience you will value, both personally and professionally, for many years to come.
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IREM Members prepare for the 2008 Capitol Hill Visit Day

The Capitol Hill Visit Day will take place on April 16, 2008, in conjunction with the IREM Leadership and Legislative Summit. IREM and CCIM Institute Members will have the opportunity to meet with their senators, representatives and their staffs to increase awareness of and generate support for several pertinent issues in the real estate industry.

To assist participants prior to meeting with their legislators, a federal issues briefing and orientation will be held on April 15, at the JW Marriott Hotel in Washington, D.C. Staff from IREM, CCIM Institute and NATIONAL ASSOCIATION OF REALTORS® will give participants essential information, including issue briefs on the agenda’s four or five major issues. Participants will also have the opportunity to gather with members from their states to discuss who will present which issues to their legislators.

Craig L. Cardwell, CPM®, of Memphis, described his Hill Visit as “an illuminating and unforgettable experience. A real opportunity to contribute to the dialogue and make a difference in policy and law shaping commercial real estate in the future. The Institute prepares you thoroughly and provides excellent supporting material for your visits to each senate and house office.”

For more information, visit the Capitol Hill Visit page at www.irem.org.

Commercial real estate professionals await impact of new energy law

The Energy Independence and Security Act of 2007 became law on December 19, 2007. The “High Performance Commercial Buildings” section is of the most interest to commercial real estate professionals. An individual with the title, Director of Commercial High-Performance Green Buildings, is to be appointed and will report to the Assistant Secretary for Energy Efficiency and Renewable Energy. By March 19, 2008, the new director must formally recognize groups that qualify as a high-performance green building partnership consortium.

The director must establish the “Zero-Net Energy Commercial Building Initiative” to reduce the quantity of energy consumed by commercial buildings and to achieve the development of zero-net energy commercial buildings in the United States. The goal of the initiative is to develop and disseminate technologies, practices and policies for the development and establishment of zero-net energy commercial buildings for:

- Any commercial building newly constructed in the United States by 2030.
- 50 percent of the commercial building stock of the United States by 2040.
- All commercial buildings in the United States by 2050.

It is important to note that the goal of having all commercial buildings achieve zero-net energy by 2050 is a goal, not a mandate. The law does not contain any tax incentives for commercial building owners and managers.

IREM will closely monitor the proposed rules of relevant agencies implementing the law. For a detailed analysis of the new law, visit the Public Policy section at www.irem.org.

Federal terrorism risk insurance backstop extended

The president signed the Terrorism Risk Insurance Revision Act of 2007 (H.R. 2761) into law on December 26, 2007. The law extends the federal government’s terrorism risk insurance backstop, which was set to expire on December 31, 2007, for seven years through 2014. IREM participates in a coalition supporting this legislation.
2008 state legislative issues forecast

The following issues affecting commercial real estate practitioners are expected to be priorities this year:

- **Health Insurance.** Congress has not passed healthcare reform. In response, states are working to address the health insurance crisis. One in six Americans is uninsured. Some states may follow Massachusetts and Vermont's path by enacting near universal healthcare coverage.

- **Immigration.** The president and congress have been unable to come to an agreement on immigration reform and they are unlikely to agree before the fall election. State legislatures passed a record number of bills in 2007 related to immigration and employment, healthcare, identification and public benefits. The legislatures are expected to continue to address immigration in 2008.

- **Environment.** Climate change is a hot topic. To date, 17 states have adopted voluntary or mandatory greenhouse gas emission plans with other states likely to do the same in 2008. Currently, California is disputing the EPA's rejection of its plan to implement stricter standards. For the first time ever, the EPA rejected a state effort to regulate pollution. California is suing the EPA to overturn the decision.

- **Water Conservation.** The West Coast is not the only area experiencing water problems. Alabama, Florida and Georgia disagree about water allocation due in large part to an ongoing severe drought. Currently, states are trying to create regional agreements. States may pass legislation authorizing municipalities to limit lawn watering.

Millions of Americans spared from the alternative minimum tax

The President signed H.R. 3996, the Tax Increase Prevention Act of 2007, into law on December 26, 2007. The law extends alternative minimum tax (AMT) relief for one year for nonrefundable personal credits, and increases the AMT exemption amount to $66,250 for joint filers and $44,350 for single filers to ensure that no additional taxpayers are liable for the AMT in the 2007 tax year. If the extension was not given, 20 million middle-income and upper middle-income, taxpayers would be exposed to the AMT.

IREM submits comments on HUD’s proposed animal regulations

The Department of Housing and Urban Development (HUD) proposed revising its regulations that apply to animals in HUD-assisted housing, including public housing serving the elderly and disabled families. IREM submitted comments in December, 2007, expressing its concerns.

The language in the proposed rule is problematic. To date, the term “service animal” has been defined as “animals with specialized training to assist the disabled for specific purposes.” The inclusion of the words “support” and “provide service to” creates ambiguity in terms of which animals will or will not be allowed to reside in HUD-assisted housing of the elderly and persons with disabilities. This ambiguity results in subjective decision making forced on property owners and managers that in turn causes potential for increased litigation. The rule would also open the door to anyone who wants a pet of any kind, by merely stating they need the animal for assistance, support or service without any verification.

IREM Memphis Chapter celebrates victory

The Memphis City Council passed the scrap metal dealer ordinance in early December. City action is necessary to combat metal theft—particularly copper—that has risen sharply in the last two years. The IREM Memphis Chapter led a coalition that included utility companies, alcohol distributors, churches and cemeteries and spent months lobbying the city council. The ordinance, as passed, includes the following provisions:

- Scrap metal dealers must have a city permit to operate;
- Scrap metal purchases (other than aluminum cans and HVAC coils/condensers) must be paid via voucher;
- HVAC coils and condensers can only be purchased or sold from HVAC contractors;
- When a property has a name on it, scrap metal dealers must present a valid sales receipt from the property owner;
- Scrap metal dealers must tag and hold purchased metals for 10 days.
New projections show commercial construction slowdown

Projected declines are ahead in nearly all segments of the commercial building construction market for the remainder of 2008, according to the Portland Cement Association (PCA) and McGraw-Hill Construction.

A number of factors could impact the construction slowdown, including a worse than expected fallout from the sub-prime crisis of 2007 and increases in energy costs that cause consumers to tighten spending.

In a November 2007 report in Engineering News Record, PCA projected that total construction put-in-place will decline by 3.7 percent in 2008 while commercial construction will decline 6.4 percent. Educational buildings and healthcare facilities are excluded from those projections. PCA forecasted those categories would rise by 4 percent and 3.9 percent, respectively.

REITs predicted to perform well in 2008

Despite poor performance overall for 2007—total returns have declined 21.9 percent from their peak just a year ago—analysts say many REITs will be in a solid position to handle the predicted economic challenges in the year ahead and perform well.

Some REIT property sectors will do better than others, analysts say. Industrial REITs may benefit from global trade and are continuing to experience strong demand, while the healthcare REITs will likely find continued opportunities from the growing number of aging Americans. As more potential homebuyers decide to rent rather than buy, the apartment REITs may benefit from the current housing market slowdown.

In addition, most REITs may perform well in 2008 because the fundamentals within property sectors have remained solid: Vacancy rates are low, and rents in retail, office and industrial properties are still high. Most sectors also haven’t suffered from the overbuilding that prevailed throughout the commercial property sector in the early 1990s.

Two sectors that may suffer include the retail market if consumer spending slows, and the office market if companies take less space or hold off their leasing decisions.

U.S. apparel retailers face international competition

With more affordable and rapidly turning inventories, foreign-based retailers are giving American-based retailers greater challenges than ever. Already suffering from same-store sales declines of 1.8 percent during 2007, according to the International Council of Shopping Centers (ICSC), U.S. apparel retailers are also facing maturing store concepts and potential cannibalization.

In particular, too many American apparel retailers have offered the same type of jeans and t-shirt combinations. International apparel retailers like H&M from Sweden, and Zara, based in Spain, have established strong footholds in the United States with their ever-changing inventories and lower prices. Other overseas retailers are now looking to achieve the same success in the U.S. market.

A bright spot in the U.S. retail apparel market includes the Los Angeles-based chain, Forever 21, which is looking for new expansion opportunities with larger stores ranging from 25,000 to 50,000 square feet.
Wisconsin green building receives highest LEED rating ever

The Aldo Leopold Legacy Center in Baraboo, Wis., recently received the U.S. Green Building Council's LEED Platinum certification and the best ranking ever awarded from the organization. The project received 61 of 61 points submitted (out of a possible 69), which is the highest point total yet recorded by the LEED rating system. In only the first few months of operation, the building saved so much in energy costs that it actually earned $650 by selling energy back to the local utility.

The 12,000-square-foot center, which employs some of the most innovative materials and systems ever integrated in a U.S. commercial construction, is the first "net zero energy" building in Wisconsin and the first carbon neutral building certified by LEED. To achieve "net zero energy" performance, annual building energy demand is matched by the output of clean, renewable energy systems on site. The center will produce approximately 115 percent of annual building energy needs.

Abu Dhabi unveils plans for world's most sustainable city

The government of Abu Dhabi and WWF, formerly the World Wildlife Fund, recently unveiled a sustainability strategy to make Masdar the world's greenest city.

Masdar City will be the world's first zero-carbon, zero-waste, car-free city, meeting or exceeding a set of stringent sustainability goals established under the "One Planet Living," a program established by WWF and environmental consultancy BioRegional. Through the program, WWF will work with Masdar to ensure the city meets standards of sustainability, which include specific targets for the city's ecological footprint. Masdar City plans to exceed the criteria of the program, making it a global benchmark for sustainable urban development. For more information on the sustainability efforts of Masdar City visit www.masdaruae.com.

Pennsylvania’s Phipps Center recognized for sustainability efforts

For its efforts to construct the world's first "living building," the Phipps Center of Sustainable Landscapes was recently awarded a $250,000 grant from the Pennsylvania Energy Development Authority. The agency praised the planned "living building" as a model for meeting Pennsylvania's clean energy and environmental protection goals.

The Phipps Center will generate its own energy with renewable resources. It will also capture and treat all of its wastewater on-site and the facility will produce no emissions, or carbon footprint. Once completed, the Phipps Center for Sustainable Landscapes will house the nucleus of the conservatory's education, research and administrative programs. For more information on the Pennsylvania Energy Development Authority, visit www.depweb.state.pa.

Quotables

"Democracy is an abuse of statistics."
Jorge Luis Borges, Argentinean author and poet

"If children are not introduced to music at an early age, I believe something fundamental is actually being taken from them."
Luciano Pavarotti, Italian tenor

"A little nonsense now and then is relished by the wisest men."
Roald Dahl, British writer

"Happiness does not lie in happiness, but in the achievement of it."
Fyodor Dostoevsky, Russian novelist

"Age is an issue of mind over matter. If you don't mind, it doesn't matter."
Mark Twain, American writer and humorist

"Nature has no mercy at all. Nature says, I'm going to snow. If you have on a bikini and no snowshoes, that's tough. I am going to snow anyway."

Maya Angelou, American author and poet

"Great wisdom is generous; petty wisdom is contentious."
Zhuangzi, Chinese philosopher

"No government is here forever. And there are other forces—the most potent force in our society, in fact, big business—doing good for the environment."

Jared Diamond, American scientist and author

"At the bottom of enmity between strangers lies indifference."
Søren Kierkegaard, Danish philosopher
Famous Properties

Rescue and rebirth

Grassroots effort returns glory to historic Fox Theater in Spokane

by Diana Mirel

Once one of the finest Art Deco theaters in the United States, the Fox Theater was also one of the most glamorous entertainment venues built by Hollywood’s William Fox in the early 20th century. The theater was designed by architect Robert Reamer, with interiors by Anthony Heinsbergen—two revered masters of the Art Deco Movement. When the building opened in 1931, it represented a new, promising future for Spokane and was one of the city’s community treasures.

“It was the first building with air conditioning; they even put windows in the mechanical room so people could see how the air conditioning worked,” said Brenda Nienhouse, executive director. “It was very much state-of-the-art.”

RESTORATIVE PROPERTIES

The theater operated as a movie and performance theater for 70 years and served as the home for the Spokane Symphony from 1968 to 1974. After the Spokane Symphony moved to a different theater, The Fox was sold to another company that made significant structural and cosmetic changes. It changed the theater into a triplex, dividing the balcony in half and adding two movie screens into the space. Most dramatically, however, the new owner covered the one-of-a-kind Depression-era murals with the company’s signature red color—hiding the stunning, theater-defining artwork. By 2000, the theater fell into disrepair and was scheduled for demolition.

Recognizing that demolition would destroy one of the city’s great architectural and cultural landmarks, leaders of the Spokane Symphony led a grassroots effort to save the building by setting up a non-profit 501(c)(3) organization, which eventually took ownership of the building. The organization also funded and oversaw the capital project for the historic restoration, involving restoration experts in theater design, acoustics, technology, mechanics, HVAC systems and more. Some of the highlights included: recreating original marquees, installing carpets, light fixtures and decorative fixtures; expanding the lobby; upgrading mechanics and acoustics; and introducing cutting-edge technology.

One of the most lengthy and impressive aspects of the restoration was recreating the trademark murals with experts in historical mural restoration.

“They were able to clean out ‘windows’ to uncover areas and see what the original paint and design looked like,” explained Nienhouse. “In some cases, they just cleaned up the murals. In other instances, they found the design and repainted it or created stencils and a canvas, and put the canvas up. It was a wonderful detective process of going in and finding out what was underneath there. It took a long time, but it turned out amazing.”

As a performing arts theater, acoustics were naturally of the utmost importance. Updating them proved to be one of the most daunting challenges of the restoration. The key to first-class acoustics was installing large ducts above the auditorium ceiling to ensure air flowed quietly through the ducts.

“The building was designed for that ceiling and all these beautiful and ornate murals were attached to the roof by wires,” said Nienhouse. “Figuring out how we would cut the wires to get the ductwork in without doing any damage to these murals was one of the biggest challenges.”

The result involved scaffolding all the way up to the auditorium’s ceiling to
support the ceiling when the wires were cut and the ductwork was installed. But, the effort paid off tenfold.

"You never know until you get a live performance in there whether you have been successful [with acoustics]," said Nienhouse. "But at the first sound check with the orchestra on stage, the smiles on the musicians' faces were amazing. It is better than we could have hoped."

As a historic landmark, each aspect of the restoration project was subject to approval. After the preservation board quashed plans to move the HVAC equipment outside, the theater did not have space for the equipment. The restoration group instead dug down to add another floor below the theater to house the HVAC equipment.

"We had masterful people doing the plumbing and electricity, and they were able to intricately put a lot of equipment into tight spaces," said Nienhouse. "It was like a work of art unto itself because it was so creatively done."

TECH SUPPORT
In addition to a painstaking historic restoration and preservation, the project allowed the theater to become a technological leader in the performing arts community. With ultra-fast Internet2 capability—which allows for real-time interactivity in high-definition—the technology promises to carry the theater into the future. Fewer than 20 performing arts centers across the world have this state-of-the-art capability.

"With this technology, a composer in China can see and hear her symphony performed in actual time and offer comments from Beijing during rehearsals," said Nienhouse. "Students on the stage can be adjudicated by experts in New York and Europe with the clarity and immediacy of being right in the hall."

The restoration also serves as a centerpiece and catalyst for Spokane's $3.2 billion, eight-year downtown renaissance effort.

"The Fox Theater restoration has rescued a whole city block in a low-income area," said Nienhouse.

In fact, according to a 2005 economic impact study done by Washington State University, the restoration of the theater was estimated to generate more than $57 million in economic activity during restoration and through the theater's first year of operation, and more than $16 million in economic activity annually when the theater is fully operational.

Of course, with its $31 million price tag, the restoration project required plenty of financial prowess. The building was placed on the National Register of Historic Places around the same time that restoration efforts began, and the theater paired historic and new market tax credits to net about $7 million.

"It was the first time in Spokane that historic and new market tax credits were paired, and now it is wonderful because there are a number of people taking our lead and taking advantage of that," said Nienhouse. "It is great that an arts project can encourage others to look at new investment tools."

Perhaps the most noteworthy aspect of the project was the outpouring of support from the Spokane community, which is evident in all aspects of the restoration.

"This was truly a community-wide effort," said Nienhouse. "What is so exciting is that the community owned the building in terms of emotional ownership from the beginning when it opened in 1931—and that community support has kept it going. Because of that community support, the theater has reopened now with the opportunity to make many memories and [continue] its legacy."

Diana Mirel is a contributing writer to JPM. Questions regarding this article can be sent to mnsqo@irem.org.
Fast Facts

- Tap dancing originates from Irish clog dancing and what is called the Irish reel and jig.
- About one-third of recorded CDs are pirated.
- Barbara Cartland completed a novel every two weeks, publishing 723 novels.
- In Washington state, it is against the law to boast that one’s parents are rich.
- The April Fool’s Day tradition in France includes attempting to attach a paper fish to another’s back without being noticed.
- The ancient Anglo-Saxons celebrated the return of spring with a carnival commemorating their goddess of offspring and of springtime, Eostre.
- The basenji dog does not bark but yodels when it gets excited.
- A fresh egg will sink in water, a stale one will float.
- If you hit a diamond hard with a hammer, it will shatter.

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Rentalprop.com provides information, tips and advice for residential property managers and landlords. Resources include access to landlord-tenant laws for all 50 states and rental property consulting assistance, as well as collaborative tools such as “ask an expert” and message boards to exchange ideas with other landlords and property managers. The Web site also offers choices for finding a property management company, apartment or landlord associations, and tenant screening companies.

www.knowledgeplex.org
Developed by the Fannie Mae Foundation, Knowledgeplex.org is a vast online collection of research reports, articles, case studies, best practices and other resources for professionals in the affordable housing industry. The site organizes and presents a comprehensive collection of publications from all of its partner organizations, and incorporates the latest news stories from thousands of publications nationwide.

Pulse Points

Log on to www.irem.org/jpm to answer this issue’s online survey. Real-time results will appear on the site, and a final tally will be published in the next issue.

Question
Do you assess your company’s technology needs on a regular basis?
A. Yes
B. No

The results are in from last issue’s poll
Are you aware of sustainability legislation in your state?

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<tr>
<td>No</td>
<td>76.92%</td>
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Vote Total 234
Planning for a new roof? Do the math.

Too often when business owners install a new roof, they’re also installing extra costs – expenses they’ll be paying off for years, even decades, to come.

Here’s a simple comparison: two owners, two identical buildings.
Which is the smarter investment?

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<td>+ Tear-Off and Disposal Costs</td>
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<tr>
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<td>= Estimated Life-Cycle Costs</td>
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This chart is an example only.

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Asian markets lead urban growth
Opportunities for development and management skyrocket as population increases

by Darnell Little

In the next 20 years, the world’s urban population is expected to reach 5 billion. By 2030, more than 60 percent of the globe will be urbanized, with Asia fueling the growth of individuals leaving rural areas for larger cities. Between now and 2025, the Asian continent’s urban population is expected to rise by 60 percent.

CHINA TOWNS
Urban migrations are happening across India, Vietnam, Thailand, Japan and South Korea. But the biggest seismic shifts are being felt in China, which is experiencing an unprecedented human migration from its rural areas to the cities.

“China is undergoing the biggest urbanization movement in human history” said Tarun Khanna, a business professor at Harvard University. “There’s a social revolution that is occurring alongside the country’s economic revolution.”

China’s current urban population is 560 million. The United Nations estimates that from now until 2020, about 20 million people a year will leave China’s rural areas for the big cities. The Chinese government wants a 70 percent urbanization rate in the next 30 years, translating into 1.1 billion people living in the country’s cities.

China’s rigorous shift toward urbanization is creating major opportunities for real estate investors and developers. The rise in urban population is expected to create a need for an additional 6 billion square meters of housing by 2020 as well as a need for additional office and retail space and other land and infrastructure development to accommodate the population growth.

For foreign investors, the potential is huge. Tim Johnson, a partner with NBBJ, a global architecture and design firm, specializes in large-scale urban Asian design and has become well acquainted with urban development in China.

“The challenges are constantly changing,” Johnson said. “We spend a lot of time traveling there and meeting our clients to try to clearly understand the cultural differences we might have. And knowing that we are being hired to bring Western ideas to the country, we want to make sure that those are appropriately assimilated to fit the cultural needs of the country.”

One of Johnson’s current projects is developing an urban hub for downtown Dalian, China’s second-largest commercial seaport.

Ground recently broke on this mixed-use development, expected to bring 6.6 million square feet of new commercial space into Dalian by 2010. NBBJ’s vision is to create a downtown area with residential, office, retail, hotel and recreation space that will include five sculptural towers on a five-story retail base. The 70-story Dalian Center Super Tower One will reach 1,235 feet, just 15 feet shorter than the Empire State Building.

“We call it the urban oasis,” Johnson said. “Knowing we’re in a dense urban environment, with millions of people, we wanted to bring the natural mountain experience into an urban environment.”

SONG OF THE SOUTH
One of the most rapidly urbanizing countries in the world today is South Korea, according to a United Nations report. By the end of 2007, nearly 81 percent of South Korea’s 48 million people were living in cities, up from 57 percent in 1980. This urbanization rate is not only one of the highest in all of Asia, but is nearly the same as the rate in the United States, and greater than the rates for European countries like France and Italy.
“South Korea is one of the most densely populated places in all of Asia,” said KyoungWan (Patrick) Nam, CPM®, of Acres and Dollars, LLC in Seoul, Korea. “The real estate activity is incredible. It’s one of the most active markets in the world.”

Easily the most ambitious real estate project undertaken to date in the country is the planned New Songdo City in Incheon, South Korea. The project, estimated to cost more than $25 billion, broke ground in 2004 and is scheduled to be completed by 2014. When finished, New Songdo City will be home to 65,000 people and 300,000 workers.

Located 40 miles southwest of Seoul and 25 miles from the North Korean de-militarized zone industrial area, New Songdo City is being built on the site of General Douglas MacArthur’s 1950 landing in Incheon during the Korean War. The project is a joint venture between developer Gale International and Korean steel manufacturer POSCO E&C.

Designed to be an international business district, Songdo will have 50 million square feet of office space, 30 million square feet of residential space, 10 million square feet of retail space, 5 million square feet of hotel space and another 10 million square feet of open public space.

The design for Songdo has borrowed generously from other major cities across the world. Songdo will have 40 percent green space with a system of pocket parks based on the parks in Savannah, GA, canals like in Venice, and a large central park similar to New York’s. There will also be museums, an aquarium and a golf course.

To further its status as a global business center, Songdo will deal in multinational currency and English will be the primary language promoted in the district. Songdo will be the first free economic zone in South Korea, where foreigners can own land, operate schools and hospitals, and companies can receive Korean tax exemptions.

**TOKYO DRIFT**

Asia’s most mature urbanized economy, Japan, has an urbanization rate of more than 65 percent. Leading the way within Japan, Tokyo’s population is expected to reach 10 percent of the entire country in 2020, while that of the metropolitan area is expected to reach 30 percent, according to Yasunori Yamamoto, CPM, of Fujipro, Inc. in Tokyo.

The large population concentration in Tokyo area began around 1996, due to the fall of land prices following the Japanese economic bubble’s implosion, Yamamoto said. One can still purchase a family-type condominium for a little more than $400,000 in the middle of Tokyo—about half the price of the bubble period.

Also, Yamamoto said, the younger Japanese generations are increasingly attracted to the conveniences of inner city Tokyo, such as the hospitals, education, entertainment and shopping, resulting in population concentration.

Indeed, Tokyo is currently undergoing a construction boom that is rapidly remaking entire neighborhoods. More than a dozen skyscrapers are scheduled to go up over the next few years in the city’s various business districts.

The recently opened Tokyo Midtown Complex, developed by Tokyo based real estate firm Mitsui Fudosan, also features the Tokyo Midtown Residences, a 410 rental-unit building, a Ritz Carlton Hotel, a medical center, a museum, a convention hall and various retail outlets.

Taking up more than one million square feet, Tokyo Midtown Complex has reserved 40 percent of its area for green space, with the 140 trees removed during construction being replanted.

Asia’s spectacular urbanization rates are expected to continue well into the next two decades. Containing 60 percent of the world’s population, Asia presents both a challenge and an opportunity to real estate developers and future managers as the massive shift of people from rural areas to cities continues, demanding creative approaches to the challenges of dense urban living.

Darnell Little is a contributing writer for JPM. Send questions regarding this article to mnaso@irement.org.
Digital documents
Best use of new technologies effectively integrates multiple processes

by Larry Schwenker, CPM®, RPA, CCIM

We all know that technology has affected the way property managers work. In an industry that has traditionally been paper-intense, it would be hard to find an aspect of our business that has changed more than the way we manage documents.

After years of sending documents via the U.S. Postal System or overnight delivery, fax machines made it possible for us to share printed information in just minutes. More recently, the use of scanning technology and PDF documents have become more of the norm. This trend, combined with the use of computers, e-mail, electronic storage and web portal technology, has resulted in "real time" access to documents 24/7 worldwide.

We now hear so much about "going paperless." Going paperless means different things to different people. While we are saving trees, assuming we don't print the documents, we should ask whether we are really managing documents more efficiently. It is likely we manage electronic documents in the same manner as we managed the paper.

The only difference is that our file cabinet is now a computer hard drive. We even have little icons on our computer drives that look like the manila file folders.

The way we are approaching this technology is yet another classic example of "putting technology in a box" by applying it to an existing process, rather than using the technology to enable a much better process.

In many areas, our industry is actually moving away from scanned documents altogether. One notable area is vendor and accounts payable management. Vendors can now key their invoices directly into the property management firm's accounts payable management system via a web portal. From there, this data is routed through the various approval processes, uploaded to the accounting system and downloaded to the bank for electronic payment. All of this is accomplished not only without paper, but without scanned images.

The whole process is secure, efficient and expedient.

Leaders in our industry should consider current document management practices as merely a phase leading toward more efficient digital processes.

In reality, the same thing can be said for many of the technologies in our industry. We don't know the future and there is no magic formula. However, we do have good reason to believe that today's innovation may be "old school" tomorrow.

Keeping this in mind, a strategy of smaller technology investments with a shorter payback, versus heavy investments in the latest technology may be appropriate. The lower commitment could provide property managers with the flexibility needed to capitalize on the latest innovations that will improve their business processes and differentiate their services.

Larry Schwenker, CPM, RPA, CCIM (Lschwenker@corvidea.com), is Vice President of Management Services for Bryant Management Services in Atlanta. Larry is also the founder Corvidea Knowledge Solutions, a technology consulting firm that helps commercial real estate organizations operate more efficiently through the creative use of innovative technologies and practices. For more information, visit www.corvidea.com.
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Fair Housing at 40
Take steps to minimize housing discrimination risks

by Liam Garland

There are at least 3.7 million incidents of housing discrimination annually. The sheer number of violations represents a potential flood of liability for housing providers and managers.

Forty years after the passage of the Fair Housing Act (FHA), race discrimination in housing is still a major problem. In 2000, the U.S. Department of Housing and Urban Development (HUD) attempted to measure the occurrence of race discrimination by conducting thousands of undercover rental “tests.” The result was that whites were favored in more than 20 percent of rental transactions.

The FHA, originally prohibiting discrimination based on race, national origin and religion, was amended twice to add sex as a protected class in 1974, and then familial status and disability in 1988. The amendment entitled a person with a disability to reasonable accommodations if those accommodations are necessary for the tenant to gain equal use and enjoyment of the complex.

While reasonable accommodation requests can involve almost any type of housing issue imaginable, most involve parking, service animals, unit transfers, change in rent payment due dates, forbearance from evictions, extensions of time to vacate and caregivers.

Many housing providers reject these requests perhaps not from ill-will but from ignorance of the law.

Penalties for housing discrimination can be stiff. A resident who wins his or her discrimination case is entitled to compensatory damages, punitive damages and even civil penalties. Actions that lead to claims include:

• Lying about unit availability.
• Imposing unequal terms in the application process or during occupancy
• Steering (or segregating) by floor, building or neighborhood
• Eviction
• Retaliating
• Refusing to permit reasonable accommodations or modifications for those with disabilities

A housing provider’s lack of fair housing awareness—or an employee’s uninformed mistake—could lead to an expensive lawsuit. Housing providers can take the following steps to minimize risk of a complaint being filed against them:

1) Get training—It is essential to stay informed of fair housing laws. Make sure your trainer is an expert in fair housing or consult with a local government agency, law firm, apartment owners’ association or fair housing organization. (A searchable list of fair housing organizations can be found at www.nationalfairhousing.org). Moreover, IREM and the National Apartment Association (NAA) have co-produced Fair Housing and Beyond, a course available in early 2008.

2) Monitor and Reinforce—Once your leasing agents have been trained, review the fair housing laws at regular meetings. Use real-life scenarios to ensure staff understands fair housing.

3) Self-test—Use undercover testers with your leasing agents to uncover discrimination acts before a lawsuit and take appropriate action against the violator.

4) Investigate complaints—A housing provider facing a fair housing claim should find an attorney versed in fair housing in order to conduct a rigorous investigation, including interviews with residents, witnesses and employees, and a review of pertinent rental records. Only then can a proper course be charted.

Liam Garland (lgarland@hrc-la.org) is director of litigation at the Housing Rights Center in Los Angeles.

April is Fair Housing Month. For more information, visit www.nationalfairhousing.org.

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mar/apr 2008
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Qualifying the QI
Be cautious when selecting a Qualified Intermediary

by Mark Massey, CPM®, CPA

Qualified Intermediaries administer thousands of 1031 exchange transactions and account for millions of dollars every year. With the exception of Nevada, they are not licensed, regulated or required to be bonded or insured. The result is hundreds of unsuspecting investors have lost millions of dollars due to theft, embezzlement and a variety of other causes.

Although the most common problems may be due to honest errors or innocent mistakes, there are a wide range of things that can go wrong during a 1031 exchange. Therefore, real estate managers may be wise to lend a few words of caution and provide recommendations to a client considering a tax-deferred exchange.

The Qualified Intermediary (QI) must have the technical knowledge to identify potential problems, meet regulatory requirements, provide proper advice and guidance, and most importantly, safeguard the exchange funds during the transaction. A QI who has obtained the Certified Exchange Specialist designation granted through the Federation of Exchange Accommodators will assure a certain level of knowledge and experience.

Even with this designation, however, your client should make sure the QI has extensive experience in the type of 1031 exchange your client is contemplating. The level of experience and expertise of the QI also becomes increasingly important when transactions become more complicated. Even a seasoned QI may flounder with complex exchanges or reverse exchanges involving multiple properties being relinquished by multiple investors and/or multiple replacement properties. Because even the most careful evaluation of a QI will not prevent mistakes from happening, the QI should also have Errors and Omissions (E&O) insurance in adequate amounts to protect your client.

In addition to E&O insurance, clients should inquire about the QI’s fidelity bond coverage. Although needed less frequently, adequate fidelity bond insurance may provide protection against possible embezzlement or other losses. By obtaining a copy of the insurance binder and the insurance company’s contact information, your client can confirm that the policy is, in fact, in force, and can verify the policy limits and coverage.

All the insurance or bond coverage, however, cannot fix the problem of completing a 1031 exchange late. These exchanges have very strict time requirements and the exchange funds need to be available to complete the exchange on time.

Ultimately, the most important thing to do to protect the exchange itself is to make sure the QI puts your client’s money in a separate qualified trust account or qualified escrow account with only your client’s exchange funds in it. Your client should receive documentation showing where the funds were deposited, and evidence that the QI has properly identified the account and notified the bank that the account contains funds belonging to your client. Finally, some mechanism should be in place to assure the funds are not to be moved without your client’s written consent.

With the exchange funds in a qualified escrow or qualified trust account, and a carefully selected QI who maintains adequate fidelity bond coverage and sufficient Errors and Omissions insurance, your client should have most of their exposure to any loss substantially reduced.

Mark Massey, CPM, CPA (markmassey@evergreenproperty.net), is president and CEO of Evergreen Property Management, Inc. in Fort Collins, Colo.
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Self evaluation
Develop skills to be a good subordinate

by Natalie D. Brecher, CPM®

There are 8,472,329 pages written about how to be a good boss and a strong leader—and that's just in magazines with titles in the A-H range. Given all that has been written on leadership, it seems like managing employees must be the most difficult aspect of a job and being managed must be the easiest. Or is it?

Being a good boss requires knowledge and skills, but working under a boss does too. Most of us share one common element in business: We answer to someone above us. Developing the skills to be a good subordinate is crucial to everyone's success. A few traits of being a good employee are universal, and when applied, they will ensure you earn top ratings. Here are seven must-dos for everyone—boss or not!

Be loyal
In addition to showing loyalty to your company, you need to be loyal to your boss. You demonstrate loyalty by consistently doing the following: 1) Speak well of your boss. If you need to vent, hold negative comments for friends and family; 2) Protect your boss. Look out for your boss by notifying him of work-related information and standing up for him when needed.

Be competent
Your knowledge and skills must be good enough to achieve the results desired. Competencies change as the world changes. Your boss will value you if you keep learning and growing. A good employee will continuously polish his or her skills.

Exceed expectations
Go beyond what is expected of you.

Developing the skills to be a good subordinate is crucial to everyone's success.

Never surprise
Being blind-sided by bad news can throw anyone off. It can also be difficult to recover from sudden bad news. Your boss must always know what is coming down the road. Keep him or her in the loop at all times. Are you late with a project? Tell your boss now rather than surprising him later. Is a client potentially unhappy? Don't wait until it's confirmed; tell your boss immediately.

Be credible
Your boss must believe you will speak the truth. Do what you say you're going to do. Follow through and follow up. Being a good employee means being trustworthy. Once trust is broken, your value to your boss may be beyond repair.

Be low maintenance
Every employee requires a degree of maintenance—attention or direction from his or her boss. Some employees require heavy supervision or training, while others need very little instruction. The less attention your boss has to give you, the more you will be valued as a good employee.

Play nice
Whether it is coworkers, vendors, or passers-by on the street, if people complain about you, your boss will not be pleased. You'll be perceived as high maintenance and unpleasant to work with. While a strong leader realizes employees don't have to be friends—or even liked—they do want employees who are pleasant to be around. Treat others as they want to be treated and they'll think you're nice every time.

Turn work in before it's due. Do more than is asked. This is the only type of surprise a boss won't mind. Will this extra effort raise the bar and increase your boss's expectations of you? You betcha! You will simply need to continue improving your work.

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Natalie D. Brecher, CPM (nbrecher@ BrecherAssociates.com), is a performance improvement specialist, providing consulting and training relating to workplace performance and individuals' professional skills. Her keynote and training programs include leadership, management, and professional skill development and can be explored at www. BrecherAssociates.com.
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Ten years ago I switched from managing executive high rise rental buildings and commercial properties to managing homeowners associations (HOAs) or common interest developments (CIDs). Very quickly, rather than dealing with renters or business tenants, I was interacting with homeowners who had careers in law, medicine and the highest levels of business management. In this management arena, I found individuals—even whole boards—who were unaware of the ethical issues facing them everyday in their homeowner's association.

Owners often run for board positions because they want to use their influence to change vendors, get contracts for family members or friends, or change the operations on the property.

To avoid this situation, associations should include clauses in the association rules and regulations to say that vendors, owners and personal friends cannot be invited to submit bids on the property or consider working on the site. Creating such a working relationship is unethical for the manager, staff and board members.

In relation to choosing the right vendors or contractors, be sure to seek out three competitive bids, and evaluate them carefully with the board and others as appropriate. No matter how hard you are pressed by a vendor or contractor to share the other competitors’ pricing, remain professional and do not share that information.

I’ve also learned along the way that board members and owners unknowingly behave unethically without understanding the impact. Here are some examples and advice on correcting this situation:

• Board members may be unaware of the confidentiality of board meetings. It is best to tell board members that what is discussed in the board meeting should stay with the board, especially in regard to major decisions made during the meeting.

• Many times unit owners will give keys and security codes to maids, contractors and friends. This is a breach of security. Be sure you have a process in place for handling access by others to any owner’s unit. Include this process in the association’s rules and regulations.

• Owners—especially first-time ones—may be confused on which repairs they are responsible for and which are the concern of the association. The community documents should always state that the inside of the unit is the responsibility of the unit owner, unless a common pipe or water line serves more than one unit. In that case, the expense would most likely be the responsibility of the association.

Along the way, I have reached out to educate these board members and other members of the associations to help them understand the fine line between ethical and unethical choices. I construct in-house seminars for the boards and interested unit owners based on materials, including ethics, from both Community Association Institute (CAI) and IREM. As appropriate, I invite auditors, as well as insurance, maintenance and legal professionals to speak and offer question and answer sessions.

Perhaps like some of you, I am always amazed at the questions I get that clearly show the confusion over ethical and unethical matters. Rather than give up, I keep educating and sharing information on ethical practices to my boards and association communities. I encourage you to do the same.

Eileen Conway, CPM, ARM (eileen@camcomgmt.com), is a Regional Vice President for the CAMCO Management Company.

The results are in from IREM's 2007 Profile and Compensation Studies of CERTIFIED PROPERTY MANAGERS® and ACCREDITED RESIDENTIAL MANAGERS®. Surveys were posted online beginning in early 2007, and e-mail messages were sent to CPM Members and Candidates and ARM Members inviting them to participate. Response rates were 20 percent for CPM Members and Candidates and 21 percent for ARM Members.

**CPM MEMBERS, CANDIDATES PROFILE**
The average CPM respondent is 49 years old, with men comprising 52 percent of CPM Members and women 62 percent of CPM Candidates. About 69 percent of CPM Members and Candidates hold an undergraduate degree and 63 percent work for a property management or full-service real estate firm. Respondents average 20 years of experience in the property management field. Office buildings are the property type that accounts for the largest share of CPM-managed portfolios, followed by conventionally financed apartments. CPM Members surveyed typically hold executive or property manager/supervisor roles and supervise a staff of 22 employees.

**COMPENSATION AND BENEFITS**
CPM Members in the study sample earn a median total compensation of $103,000, which includes a base salary for property management and additional real estate income from sales and leasing commissions. Numerous fringe benefits were reported and most frequently include vacations, holidays, sick days, health insurance and professional association dues. CPM Members in the Pacific region earn the highest total compensation.

Remuneration typically increases with years of experience, level of education, and age. Owners, partners, presidents/CEOs and directors of firms report receiving greater compensation than other respondents. CPM Members who work for development companies, full-service real estate companies, REITs and investment companies...
typically receive higher compensation (based on median values) than those who work for other types of employers. Similarly, CPM Candidates who work for development companies, REITs and investment companies were the best compensated.

**ARM MEMBERS PROFILE**
The average ARM respondent is 42 years old and has 14 years of property management experience. Over 46 percent of ARM Members surveyed manage conventionally financed apartments with another 20 percent responsible for federally assisted units. Moderately priced units are managed by 47 percent of the ARM sample, luxury units by 19 percent, low-income housing by 21 percent and elderly housing by 7 percent. Women predominate in the ARM sample at 74 percent. A majority of respondents (55 percent) work for a property management firm and 8 percent for a full-service real estate company. Most (95 percent) have supervisory responsibilities and manage a median staff of eight employees, which includes site managers, management office personnel, security guards, maintenance staff and recreational personnel. Portfolio size varies widely with a median of 270 units and a mean of 706. The majority of ARM Members (48 percent) have some college education and 38 percent hold an undergraduate degree.

**COMPENSATION AND BENEFITS**
The average total annual compensation for an ARM respondent is $57,893, which includes a mean base salary of $51,335, plus rental discounts and other real estate income. A wide array of fringe benefits are offered to ARM respondents, with vacations, holidays, sick days

<table>
<thead>
<tr>
<th>Fringe Benefit</th>
<th>All Paid by Employer (%)</th>
<th>Partly Paid by Employer (%)</th>
<th>Total (%)</th>
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and professional association dues being the most common. Total compensation and average salaries are highest among those in the Northeast and Mid-Atlantic regions. Compensation generally increases with experience and higher levels of education.

With regard to property type managed, those who manage condos/co-ops/HOAs and conventionally financed apartments have the highest average compensation, whereas those who manage low-income housing earn the least. Those working for REITs have the highest average total compensation. The type of unit managed affects compensation, with those responsible for luxury units earning the highest salary and total compensation. Portfolio size and number of employees managed likewise impact compensation, which generally increases with the number of units and employees managed.

Detailed results and analysis from these studies, as well as the 2007 Accredited Management Organization Profile and Compensation Study, are available for purchase in the IREM store at www.irem.org or by calling 800-837-0706, ext. 4650. The Member price for each report is $47.95; regular price is $59.95.

IREM's Research Department—Charles Achilles, vice president legislation and research, and Cecilia Ceja, research analyst—has conducted more than 600 IREM research studies. The department has been conducting this survey since 1973.
Condo Conversion Blues

Take the Professional Road to Condo Market Recovery

by Greg Martin, CPM® Emeritus
Two years ago your developer clients wanted to cash in on the hot condo market. They found great properties right in the heart of the city. They put in all the classic condo upgrades—they had hot products in a hot location. Initial sales were good. Life was good. Then the market went soft and they could not give the units away. Now the mortgagor is burning up the telephone line asking where the mortgage payments are.

Does this sound familiar? Have you heard of pending foreclosures in the marketplace? Are you worried that you, or a client, may get dragged into this fiscal mess?

As a trained and skilled CPM or real estate manager, you can manage these scenarios in a manner that will benefit your client and add fees to your portfolio. Organization and a disciplined, professional approach are your keys to creating a positive way out of a spiraling black hole.

ASSESS AND UNDERSTAND
CLIENT OBJECTIVES

The first step is to hold an initial meeting with your potential client to determine what is being developed or worked on, and what the company objectives were and are now. Be prepared to have a reality session with the client as the strategy may need to change. You might want to have a representative from the lender attend the meeting. This person may be the voice of reason to help get your point across to the developer about strategy change. More than likely, the client is not going to get out of this problem completely, but you can help perform damage control and prevent money loss moving forward.

In this initial meeting you need to find out how far down the line the developer is in the conversion process, and how the condominium declaration addresses unsold units and management of the common areas. Hopefully the rules allow the unsold units to be rented out. If that is not the case, no further steps need to be taken, as your options are limited to just keeping common area expenses as low as possible. Assuming you are still moving ahead, you'll need to determine answers to the following questions with the developer:

- How far along is the developer in the sales process?
- Has the complex been turned over to the condominium association?
- If the complex has not been turned over to the association, when will that occur? Will the turnover be determined by sales or time span?
- What are the restrictions on rental as it relates to sold and unsold units?
What is the status of expenses (are they paid)? Can a cash infusion be obtained? (Note: If cash will not be available, you might as well end the meeting. You cannot act as a lender.)

Are the unsold units finished, and have they gone through a punch list to determine rentability?

If the units are not finished, who will finish them or punch them out?

Is there a separate staff for sales and construction?

Does the client have unrealistic expectations?

By now you should have enough information to formulate an opinion as to what can be done to salvage the original goals. Unless you can rent the unsold units, there is not much you can do other than cut expenses to improve cash flow. At this point, you need to treat the remaining units as an apartment rental entity and begin preparing a management plan. This analysis will take time, effort and skill. Your goal is to convince the lender that they will have much less of a loss by following your plan.

Put together a spreadsheet of what your due diligence will cover and the hours required. This should also be done for the market study and the management plan. Always remember you are reviewing a development that is in fiscal trouble and you need to make sure that you will be paid for the due diligence share of the analysis up front. You should

### Johnson Manor Apartments Inspection
January 1, 2008

<table>
<thead>
<tr>
<th>Apt Number</th>
<th>Address</th>
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<tr>
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<tr>
<td>Door/Foyer</td>
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<tr>
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<td>300</td>
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<tr>
<td>Paint</td>
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<tr>
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**Subtotal - Door/Foyer**

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<tr>
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<td>Cabinets</td>
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<td>B</td>
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<td>F</td>
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<tr>
<td>Refrigerator</td>
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<td>Microwave</td>
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<td>Disposal</td>
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**Subtotal - Kitchen**

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Instead of doing a sort and count, assign a value to each item that will stay on each sheet when you make a copy. Then you can have the costs feed into your summary page.

An "A" means area is in good shape whereas "F" means the item needs to be replaced. All other grading in between could be a judgement call as to whether it needs replacing.
secure your fee for preparing the above noted items in advance of, or at the time you submit them, to the client.

ANALYZE MARKET, PERFORM DUE DILIGENCE

Setting proper market rents is obviously the key to the success of your plan. Pay particular attention to making sure your marketplace competition is true competition since the units you will be putting on the market will most likely have condo grade finishes and amenities.

Determine what service costs are included (heat, water, trash, etc.) as well as an accurate adjustment value assigned to them. Prepare your market study using both square footage and unit size. Be aware that your competition might be other units in the same building—on average 15 to 20 percent of all condominium units are bought by investors who then turn around and rent them out. Locators, newspaper ads and online classifieds are good sources for monitoring these shadow market rent scales.

The rest of the due diligence is concerned with the condition of units that you have to rent. If an appreciable number of units are already rented, you may need to make an analysis of the lease structure. This due diligence is not much different than what you would attempt to determine when you are purchasing a building except that you need not be concerned with the common area of the property. Don’t assume that the stock of units you will be working with are all punched out and ready to go. A rough cost of any missing items should be established for each unit which will enable you to adjust your capital budget to accommodate what is needed to get the unit in rental shape (see chart on previous page).

DEVELOP AN EXIT STRATEGY

Now that you have your property data in order, you need to determine how it will attune with the developer’s new, realistic sales program. The idea in your rental budget is to rent units without compromising unit sales. This must also include an exit strategy—which is your ultimate goal. Obtaining a plan from the developer as to when and to what extent remaining units will close enables you to develop a plan for your rental income, and allows time to adequately prepare units prior to closing.

As you move farther and farther down the timeline and units are sold, there will be less and less income from the rental revenue. Be aware that if you set up your management fee as a percentage of income, you will eventually be working for nothing. You’ll need to establish a minimum management fee that you believe will cover normal operations as well as potential overages that will occur if extended time frames are required to get the last units sold.

During this time, an often tricky problem involves personnel. Depending on the number of units, you may be required to pay a share of the manager’s time from the development or rental side since it is often not cost effective to have a separate manager for both the leasing side and the condominium sales. Also, an agent may be required to show apartments, as well as maintenance/cleaning staff, to prepare the units for rental.

Taking all of this into consideration, make sure you estimate your time as accurately as possible so that you are fairly compensated. Avoid any condominium association or developer problems—that are powerful vacuums of time, and contractually you should not be responsible for them. As always, the difference between profit and loss is in the details. Developing your own checklist based on these hard-earned lessons can sometimes turn those condo conversion blues several shades brighter.

Greg L. Martin, CPM Emeritus, is the Vice President of Draper and Kramer, Inc., a property and financial services firm in Chicago. He has been in the real estate industry for 33 years, and has served as IREM Chicago Chapter President and Regional Vice President for IREM National.
Profitable Partnerships
Fostering Relationships with Brokers Helps Real Estate Managers Expand Business

by Jordan Debes, CPM®
Refferals from commercial real estate brokers can be an excellent catalyst for expanding your management portfolio. Oftentimes, investors form relationships with brokers long before they begin contemplating selection of a management firm. Having gained the trust of the investor, brokers can heavily influence investors’ selection of management firms. A favorable recommendation from a broker can go a long way towards cementing new business. Therefore, an integral part of a management company’s marketing plan should include cultivating relationships with brokers. To successfully foster such relationships, management professionals need to understand how to motivate brokers, the intricate nature of the broker-manager relationship and the methods by which such relationships can be nurtured.

**KNOW YOUR BROKER**

Before you pick up the phone and start introducing yourself to brokers in your market, you must first understand how a broker will benefit from such a relationship. As most brokers’ paychecks are based on sales commissions, they are motivated to close sales as well as maintain high customer satisfaction standards to increase the likelihood of repeat business. To gain their trust and confidence you must be able to demonstrate to them how you, as a property management professional, can help to enhance customer satisfaction, close sales and improve the odds for future business.

In relation to the owner/investor, you must also demonstrate an understanding of the delicate nature of the relationship that will be established between you, the broker and the investor, especially to reassure the broker that your involvement will only serve to positively enhance their potential to close sales and generate more business. Lastly, you need be sure that the broker understands your true motivation—obtaining new management business—not compensation for facilitating a sale.

**CONNECT WITH CONFIDENCE**

You might be asking yourself, “How can I assist the broker in closing the sale?” The answer is quite simple: by giving the investor confidence through a number of factors. For one, if you can provide local management to an out-of-state investor, that can be very appealing to both the broker and the investor.

You can also give the investor (and broker) confidence through your credibility as a professional real estate manager. It will behoove you to share your management firm’s corporate history, clientele and capabilities. If you work for an ACCREDITED MANAGEMENT ORGANIZATION®, be sure to mention that along with any other professional credentials or designations you might have.

Additionally, provided you have your clients’ prior consent to do so, offer client references or a listing of properties in your portfolio to the broker. Share case studies or examples of how your management services increased clients’ returns on their investments.

To connect on a personal as well as a professional level, make an appointment to take the broker out to lunch or breakfast. If you speak knowledgeably about management topics, you will alleviate any concerns the broker may have regarding your professional acumen.

**BUILD RAPPORT AND TRUST**

Developing a client’s trust is a gradual process. You should encourage brokers to recommend your management services as early in the process as they feel comfortable doing so. This allows your management firm time to build a rapport with the client and perform due diligence on the investment properties being considered for purchase.

You should suggest that you tour any potential investment properties with the broker prior to touring with the client as part of your due diligence. This will provide ample time to assess the current physical status of the property; ascertain the extent of any deferred maintenance and identify potential capital improvements (information that is prerequisite in determining a management fee).

Subsequently, in jointly touring the property together with the investor, the management executive and the broker can build upon the investor’s trust by demonstrating that they are well attuned to the physical component. Additionally, by working cooperatively to assess potential investment properties, both the broker and the management professional will ultimately provide better customer service.
CREATE ADDITIONAL INCENTIVES

As an added broker incentive for referrals, you may wish to consider offering a referral fee to brokers for any leads that result in new management opportunities for your firm. Of course, you should also point out other possible merits of working together, like sharing market information. Brokers are an excellent source of information for determining current capitalization rates while management companies typically have information valuable to a broker like market rent data, average rental income per square foot and operating expenses.

As part of a sales prospectus to the investor, most brokers will need to include some sort of pro forma illustrating the anticipated financial performance of the investment property. Having information from your management firm will help substantiate a broker’s financial projections. Additionally, brokers can often rely upon your managerial expertise to identify ways to improve the financial performance of an investment property, thereby improving the return on investment.

DEAL WITH DIFFERENT VIEWPOINTS

More often than not, a broker’s financial projections are likely to vary from those of a management firm. Brokers’ financial projections are often very optimistic, representing a “best case scenario,” as higher property values result in greater commissions to the broker. Property managers, on the other hand, tend to generate more conservative financial projections, especially when working with a new client, preferring to operate by the principle of “under promise and over deliver.” Property managers want to end the fiscal year with favorable variances where net operating income (NOI) is concerned.

When your firm’s financial projections vary from the broker’s, it is important to recognize and explain these differences. The broker may actually be concerned that your financial projections could sabotage a deal that they have been working on. When faced with this situation, you should openly acknowledge the differences and offer to establish a working agreement to avoid such conflicts of interest.

FORGE WORKING AGREEMENTS

The agreement with a broker can be a simple form outlining the nature of the relationship and establishing precedents regarding communications with investors. The agreement will ensure that information provided to the investor/client is mutually agreeable to both the broker and the management executive, and does not compromise or impede either one’s ability to enter into a formal sales or management agreement with the investor/client. If your firm offers broker referral fees, a working agreement also becomes crucial to avoid any potential misunderstandings.

Your working agreement should stipulate that in order to obtain a referral fee, the broker must organize an introduction between a senior executive of the management company and the prospective client/investor, and provide additional support as necessary to help establish the relationship.

Prospective client information should be submitted by the broker via a referral form containing pertinent details regarding the management prospect. The management company should agree to pay for expenses related to the formal introduction (e.g., meals or entertainment). In the agreement, be sure to outline the amount of the referral fee and document when the fee is to be remitted. The use of an agreement will drastically reduce the likelihood of any hard feelings resulting from a joint venture. You will be better served by formulating long lasting broker/management relationships versus working together on a one-time basis.

MARKET TO THE MARKETERS

Now that you are prepared with the means, incentives and knowledge necessary to garner brokers’ interest, the last step in the process is developing relationships. This can be accomplished through a variety of tactics. For beginners, conduct a simple Internet search to identify numerous broker associations and obtain memberships. These associations typically have frequent marketing meetings where member brokers can promote their sales listings to their colleagues. As associate members, property management executives can attend such meetings to promote their management services and obtain a member roster with broker contact information. You can use the information to follow-up with members you have met or to send direct marketing pieces, such as introductory letters or your company newsletter.

Another method for generating broker relationships is to obtain memberships to online commercial property listing services. Once you have access to one of these services, search for investment property listings that would complement your portfolio. From the listing you will be able to determine the broker who has the listing and his or her contact information. When first contacting a broker in this way, it is best to
send a letter of introduction. A couple of days later, follow up with a phone call. Be sure to tell the broker you are interested in helping to close the sale and your only motivation is establishing new management opportunities.

For another angle, contact the editors of publications serving brokers and inform them that you are willing to write articles for them. As management professionals, you have insight into the industry that will be of interest to most brokers. Offer to write an article on the current status of the market (current trends, occupancies, challenges, etc.). Most publishers will gladly accept your contributions and your article will be read by countless brokers.

Lastly, because many management companies specialize in only one discipline, they may find themselves at a competitive disadvantage when competing with full service real estate companies. If you are faced with that situation, consider contacting firms in your area whose focus differs from your own and suggest a strategic partnership to help compensate for those areas of expertise in which your firm may be lacking.

Establishing reciprocal relationships with brokers can be very rewarding for both brokers and management professionals. It can facilitate a sale for the broker and it can expand your management portfolio. The keys to cultivating such relationships are to understanding the benefits of such relationships, what motivates the parties involved, the intricacies of such relationships, and the means by which they can be fostered.

Challenge yourself to implement the principles outlined in this article as part of your marketing plan and take another step down the road to increased profitability. Remember that successful marketing requires consistency. The more you attempt to network with brokers, the more likely you are to succeed. Once you establish a trusting relationship with a successful broker, they can become an open conduit for new management opportunities.

Jordan Debes, CPM, serves as Director for the THE CABOT GROUP's Multifamily Management Division. His areas of expertise include marketing, leasing, property rehabilitation and customer service.
Sustainability
Now In Session

Green Legislation is On the Rise, as discussed by IREM Members

by Janice Rosenberg
In cities and states across the country, slowly but surely green legislation is catching on. Meanwhile property managers and urban planners are ahead of the curve, working toward sustainability and energy efficiency even before laws require them to conform.

For instance, last year CB Richard Ellis (CBRE), a real estate services firm headquartered in Los Angeles, resolved that 100 of its top buildings would be in the EPA's Energy Star Program by the end of 2007. More than just talk, the company was making a firm commitment; by year's end, CBRE had met its goal.

"Two years ago people wondered if green management was for real," said Patricia Nooney, CPM®, CBRE's managing director. "But now we know it really is the trend of the future. The acceptance is there from the larger community. Our clients want to know what CBRE is doing for the environment and what they, as building owners, can do to help."

CBRE isn't alone in its efforts. Just eight years after the first pilot projects received certification from the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating System—a nationally accepted benchmark for the design, construction and operation of high-performance green buildings—green tops the agenda for everyone in the industry.

**THE LATEST ON LEGISLATION**

Green legislation is on the rise at all governmental levels. According to the USGBC, 13 federal agencies, 27 states, 72 cities, 22 counties and 16 towns have passed various types of green legislation. Governments are beginning to recognize that buildings have a strong negative impact on the environment, said Jason Hartke, the USGBC's director of advocacy and public policy.

"The most predominate legislative policy we see is one requiring public buildings to be built green," Hartke said.

According to the USGBC, in the United States, buildings account for 70 percent of all electric use and 40 percent of all carbon emissions. But truly green buildings, those receiving LEED certification, can save 36 percent in energy, reduce carbon emissions by 40 percent, reduce water use by 40 percent and reduce the production of solid waste by 70 percent.

**LOCAL LEGISLATION**

The status of green legislation at the local level is impressive, said Brooks Rainwater, manager, state and local affairs, at the American Institute of Architects (AIA) in Washington. The organization's 2007 report, *Local Leaders in Sustainability*, indicates that the number of local green building programs has risen more than 400 percent since 2003, with a total of at least 92 cities now having policies in place.

In surveying all U.S. cities with populations greater than 50,000, the AIA found 42 municipal programs in the West, eight in the Mountain West, 14 in the Central Region and 28 in the Eastern Region of the country. Programs range from policies focused on the design and construction of green government buildings, to communities mandating that all buildings be designed to green standards, to more specific approaches.

For instance, legislation in Monterey, Calif., lists steps that must be taken to address the breakdown of old clay pipes in a municipal sewer system dating back to the late 1800s. Problems in the system can negatively affect wildlife in Monterey Bay, so whenever a house is sold, its new owner is required by law to solve any sewage problems.

*The Plaza in Clayton, Mo., earned the prestigious ENERGY STAR from the U.S. Environmental Protection Agency (EPA) in 2006. It was one of only two office buildings in Missouri to receive the designation that year.*
Sylvia Hill, CPM, and owner of H.M.S. Property Management in San Jose, Calif., manages a number of homes in the Monterey area. She recommends that new owners of those properties do the work immediately.

"It costs a couple of thousand dollars, but if an owner doesn't take care of it, and they have a backup into the street and then down to the Bay, they can be fined several thousand [dollars]," Hill said.

STATE LEGISLATION
States, too, are getting in on the regulatory trend. State leaders have been passing legislation focused on green building at a quickened clip over the last few years, Rainwater said. And many states also have introduced incentives for the private sector to design and build green.

According to Statenet.com a legislative and regulatory service, in 2007, 363 bills pertaining to the issue were introduced in state legislatures. Of those, 29 were passed. Although five of those were vetoed, seven bills are still pending in New York and 21 in California.

The enacted measures cover a wide variety of topics. They establish commissions and task forces to study climate change and its potential effects; provide tax rebates for energy-efficient appliances; regulate the issuance of air quality permits to electric power generating facilities; create greenhouse gas inventory programs, cap and trade programs, interstate pacts and emission reduction targets; and require global warming index labels on motor vehicles.

For example, in 2007 Illinois enacted a "smart cities" grant program to fund urban preservation, redevelopment and green technology at the municipal level. The state also created a "green cities" grant program for municipalities whose buildings conform with "nationally recognized and accepted green buildings guidelines, standards or systems." The green cities grants may be used for new construction, existing buildings, commercial interiors, core and shell development, homes, schools or neighborhood development.

FEDERAL LEGISLATION
At the federal level, the Energy Independence and Security Act of 2007 signed into law on December 19, 2007, will help move the commercial building industry toward greater energy efficiency. One result of the bill is that all newly constructed and substantially renovated federal buildings will have to be carbon neutral by 2030.

"The legislation will go to the EPA and other agencies for regulatory review," said Charles Achilles, staff vice president for legislation and research at the Institute of Real Estate Management (IREM). "Those agencies will write the rules and it will be many months before we see how it will totally affect our members."

GREEN LEGISLATION AND PROPERTY MANAGERS
Thinking green is nothing new for IREM Members. The organization has been active in the area of energy conservation for many years, Achilles said.

"We encourage Congress to pass legislation that would recognize incentives or energy tax credits for property owners and managers to make modifications," Achilles said. "Providing a credit or deduction for an owner/agent would reduce the number of years it takes to
recoup the cost of converting to more energy saving practices."

The U.S. Energy Policy Act of 2005 offered tax incentives for reducing energy consumption below a certain level, and thus did benefit building owners, said Gordon Dowrey, a CPM candidate at Facility Engineering Associates in Indianapolis.

"A lighting retrofit, changing mechanical systems or improving shells and exteriors could result in tax credits of up to $1.80 per square foot in any kind of commercial building," Dowrey said. "That was great."

Randall Pavlock, CPM, president of Hunter Properties, Inc., in Chicago, isn’t waiting for green legislation to tell him how to manage his company’s 3,000 apartments. In buildings it renovates, Hunter installs computerized heat censors, replaces old windows with thermopane and adds insulation.

"If you’re going to run an apartment building now and run it smartly, you have to do green things," Pavlock said. "All of our buildings have fluorescent bulbs in the hallways, and we use timers where we can."

Brenna Walraven, executive managing director of USAA Real Estate Company, headquartered in San Antonio, and chief elected officer of BOMA International (formerly the National Association of Building Owners and Managers), sees a lot of momentum toward green legislation that will affect property managers. Her company views energy efficiency and sustainability as a proxy for good management.

"We know that to serve means providing a better, safer, less toxic environment for our tenants," she said. "It will lower operating costs, and make tenants comfortable so that they renew their leases. Our strategy is to get returns on capital by running our buildings efficiently."

Managers aren’t alone in trying to make a difference. Ralph DiNola, principal at Green Building Services in Portland, Ore., said owners and developers his company works with often want to take a more comprehensive look at how they can reduce environmental impacts and costs for construction and operations.

"In the past year or two green has become more of a mainstream topic with a broader set of issues related to sustainability and energy efficiency," DiNola said. "For instance, climate change became a big issue after [Al] Gore and his Nobel Prize put it on the map. Now our clients are seeing that they have a role to play in reducing their impacts."

GREEN LEGISLATION AND URBAN PLANNING

Green legislation that will affect urban planners is "in the pipeline," said Elliott Sclar, director of the Center for Sustainable Urban Development at Columbia University. Green roofs are a growth industry; the concept of green buildings is becoming increasingly...
attractive; and most cities and states are getting serious about controlling carbon emissions.

For example, on Earth Day 2007, New York City mayor, Michael R. Bloomberg, released “plaNYC,” a comprehensive sustainability plan for the city’s future. The plan presents a strategy to reduce the city’s greenhouse gas footprint and sets the goal of reducing citywide carbon emissions by 30 percent below 2005 levels.

Green buildings and green legislation are great, urban planners agree, but planners would like to see the focus broaden beyond buildings to include sustainable neighborhood and district design.

“Say you have a building that’s ultra-energy efficient, but only accessible by car,” said Jonathan Levine, chair of the urban and regional planning program at the University of Michigan’s Taubman College of Architecture and Urban Planning. “Urban planners would say that’s not green; not energy efficient.

We’re looking at a much larger context than single buildings.”

Planners have emphasized the need for this broader focus for more than 20 years, concentrating on compact cities, mixed-use buildings and walkable, transit-friendly communities. A continuing conflict exists between those who have worked to create regulations that keep sprawl at a low density, and those who see the need for higher density building that will sustain public transportation and walk-ability in outlying communities, Sclar said.

The trend toward Baby Boomers moving back into cities is a first step in supporting residential growth in already dense urban areas. The second round of high-density living will involve families moving back to close-in neighborhoods, Sclar predicts.

“Eventually regulations will encourage higher density,” Sclar said. “Then stagnating closer-in neighborhoods will come back because they are already on the rail lines. The notion of putting more apartment houses in those places will have a logic to it.”

Janice Rosenberg is a contributing writer for JPM. Questions regarding this article can be sent to mnas@irem.org.
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THE PAD DEAL

Out parcels enhance property value and cash flow

by Richard Muhlebach, CPM®
Opportunities exist to increase the cash flow and value of many shopping centers by creating a pad—or out parcel—as a free-standing building in the parking lot. There are a few suburban office buildings and industrial developments with heavy street traffic that may also provide the opportunity to create a pad on the corner of their parking lot.

Before creating or adding a pad to a site, the property owner must review and research several issues, including the financing strategies, the lease issues for the pad and any lease restrictions from other tenants, as well as the municipalities' parking requirements.

**PAD INCENTIVES**

The financial rewards of adding a pad to a shopping center or other site can be significant. For example, if the annual ground lease rent for the pad is $50,000 per year, the cash flow of the property would be increased $50,000 if the management fee is not a percentage of the property’s income. If the management fee is a percentage of the collected income, it would be a thousand or two less than $50,000. The value of the property would increase approximately $666,667 using a 7.5 percent cap rate on $50,000 of increased net operating income.

\[ \frac{50,000 \text{ (Annual rent)}}{0.075 \text{ (Cap rate)}} = 666,667 \]

**THE PRICE OF DEVELOPMENT**

The cost to do the pad deal includes paying fees to consultants to have a portion of the parking lot separately parceled; bringing utilities to the pad site; and paying a leasing commission to the property manager making the deal. There also may be legal fees to negotiate the pad deal.

In most cases, the tenant will bear the costs of developing and constructing its building although the property owner may have a construction manager inspect the building when it is completed. If the pad deal is a build-to-suit, either the property owner or the tenant will contract for the development and construction of the building.

Pad buildings are almost always single-tenant buildings built to a tenant's specification. In some cases, an owner will develop a splitter building, which is a free-standing building leased and occupied by more than one tenant. The building's design is similar to the shop buildings in the shopping center and the tenants in a splitter building are the same categories of tenants as those in the shopping center.

**THREE TYPES OF PAD DEALS**

There are three types of pad deals. The most common pad deal is the ground lease. For this deal, the property owner creates a separate parcel—the pad—and leases it to a tenant who builds the building. The lease is typically for 10 to 20 years with two-to-six five-year options. This deal is usually preferred because the owner of the property incurs limited expenses to create the pad, and has generated a solid cash flow and increased the value of the property.

The second type of pad deal is the build-to-suit. The property owner develops a building to a tenant's specification on the pad, and leases the building and the pad to the
tenant. The lease is usually for 10 to 20 years with multiple five-year options. The building is designed to the tenant’s standard format. In this deal, the property owner has the expense of developing the building. If the tenant vacates, it may be difficult to lease the building without significant modifications to it. This approach is seldom used because of the cost and the risks of constructing a specialty building.

The third pad deal is the sale of the pad. The pad is sold to a user who builds its building on the parcel. This pad deal will generate significant one-time revenue.

LEVELING LEASE ISSUES
When the pad is leased, there are several issues to address, most notably insurance, taxes and maintenance, and how the tenant will be charged for each of these areas.

The tenant will need to secure the insurance on its building. If the tenant maintains its own insurance, it should not be charged for the insurance on the other buildings. It is fair to charge liability insurance for the parking lot and damage to the parking lot improvements in the common area maintenance charges.

In terms of taxes for the property, the tenant either pays the real estate taxes directly with evidence to the landlord (property manager), or the landlord will pay the real estate taxes and bill the tenant for reimbursement 10 days before the taxes are due.

Maintenance of the common areas presents challenges as well. The owner and tenant must agree upon who will maintain the landscaping around the building and who will pay for additional services used during extended hours. For example, if the tenant is a restaurant that remains open after the shopping center closes, this tenant will need longer use of lighting around its building: Billing for the extra usage should be determined accurately. In addition, the tenant will have its own trash receptacle and should not be billed for the cost of the receptacle for the rest of the shopping center, except for a receptacle dedicated to common area trash.

REVIEW THE RESTRICTIONS
Another issue requiring research involves restrictions in existing tenants’ leases that will either prevent or place conditions on a pad building. The anchor tenants’ leases are most likely to contain such restrictions. Anchor tenants want to make sure their sight lines from the street aren’t blocked and their minimum parking requirements are maintained, either in their parking field in front of their store or throughout the property. The anchor tenant or tenants may limit the number of pads, the location of the pads and the size and heights of the pads. These tenants are usually not willing to renegotiate this restriction unless they receive something in return.

Though it is not likely the other shop tenants will have such restrictions in their leases, it is prudent to review their leases and review each tenant’s site plan, which is an exhibit to the lease. Hopefully the site plan for each tenant states the landlord may change the parking areas and add buildings at its discretion.

PARKING CONCERNS & CONCESSIONS
Having researched and addressed the issues discussed above, there are still major challenges in creating a pad in relation to parking. The site must meet the municipality’s parking requirements after the pad building is developed, so gathering information up front is essential. Municipalities have a parking index for the number of parking stalls required based on the total square footage of all the buildings on the site. A parking index states there will be X number of parking stalls for every one thousand square feet of gross leasable area. A 5.5 to 1 parking index means five and one half parking stalls for every 1000 square feet of building area.

Usually shopping centers and other types of properties are developed to the minimum parking requirements with few additional parking stalls. The property manager must find out the municipality’s parking requirements, count the number of stalls to determine if there are sufficient parking stalls to support the pad building, all the while keeping in mind that the footprint of the pad building as well as its walkways and landscaping will take away existing parking stalls.

In addition, the square footage of the pad building must be supported with additional parking stalls based on the municipality’s parking index for the size of the pad building. Some municipalities will require additional parking for a restaurant use.

If there are not a sufficient number of parking stalls to meet the municipality’s parking requirements, the property

Industry standards can be found in the second edition of Urban Land Institute’s Parking Requirement for Shopping Centers. The findings are based on surveying scores of different types, sizes and tenanted shopping centers around the country. This publication recommends the parking index for different types and sizes of shopping centers. For more information, visit www.uli.org.
manager has several options to increase the property's parking count. One option is to add compact stalls to the parking lot, but it is best to check with the municipality for the percentage of compact stalls allowed. Alternatively, more stalls may be added in some sections of the parking lot by re-striping the regular size parking stalls and creating the compact stalls. Some areas of the parking lot behind the shopping center's main building may have no parking stalls and these areas can often be striped for more spaces.

If these approaches do not generate sufficient additional parking stalls to support a pad building, a parking consultant may be hired to more efficiently redesign the parking area and create several more parking stalls. A final alternative is to determine if the shopping center is over parked. This means there are more parking stalls than the number of customers who need to park. Most multi-anchored strip shopping centers developed in the prior century have more parking stalls than needed. A municipality may have an outdated parking requirement such as a 6-to-1 parking index. In this case, it may be wise to petition the municipality for a variance that would lower the parking index for the shopping center.

Of special note in relation to parking issues, the pad lease will restrict the location, size and height of the building and there will be an exhibit to the lease showing the layout of the building with approval of the location of drive-through and stacking lanes. If the pad is sold, there needs to be a cross easement between the ownership of the pad and the shopping center for access and parking on each party's parking lot.

MAKE A DEAL

Time spent analyzing whether a pad can be created at a shopping center, or possibly at a suburban office building or industrial development, may result in a rewarding opportunity. The property's cash flow and value can be significantly increased, and the property manager can earn a substantial lease or sale commission.

Richard F Muhlebach, CPM, SCSM, CRE, RPA, has over 37 years experience managing and leasing commercial properties. He is a member of the IREM faculty and he has co-authored numerous IREM publications. He served as the IREM 1998 national president.

Take Control of Everyday Operations for Any Size Property

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

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- Financial Management
- Forecasting and Budget Management

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Best Practices:

Is Your Implementation as Comprehensive as Your Technology Solution?

by Fritz Schindelbeck
and Brian Masterson,
Yardi Systems
As the real estate business continues to become more reliant upon technology, the amount of software used for data management has grown to astronomical proportions. Today’s latest technology solutions have provided a level of automation and integration that far surpasses what we imagined just five years ago. Because of the complexity of these systems, it is vitally important that organizations approach implementation in a comprehensive manner.

We have found that all successful system implementations generally share common characteristics, regardless of the size of the organization. The following are some best practices critical to success.

**EXECUTIVE SPONSORSHIP/COMMITMENT**

The amount of change and disruption that comes with any major system implementation can be very unsettling for the employees of a company. People are by nature resistant to change; sometimes they don’t have an appreciation for the business drivers behind the decision to implement a new system.

Demonstrating executive leadership’s commitment to the project’s success is key to getting buy-in and participation from the business users. Senior leadership should actively communicate to the company why the project was undertaken and why the success of the implementation is important. Employees should understand that their help with the implementation is recognized and appreciated by senior management. Executives should demonstrate their commitment to the project through regular participation, steering committee meetings and frequent communications to the company on the project status.

**PROJECT PLANNING**

The success or failure of any system implementation can often be directly linked to the amount of effort and energy that goes into the initial planning of the project. Successful planning will guide the project team through the steps needed to achieve their objectives. Effective Project Planning should result in the following:

- A clearly understood **project objective** and **project goals** against which success can be measured.
- A clearly defined **project scope**.
- A documented and agreed upon approach to all major project activities, including: training, testing, data conversion, documentation, report design and development, custom programming design and development, issue tracking and resolution, approval of changes in scope, and post implementation support.
- A detailed project plan that indicates project tasks, timing, responsible parties and deliverables.
- A clear understanding of the resources required to complete the project successfully. The plan should document the number of hours of effort by role and by major task. This will give the business users, IT resources, vendor employees and consultants a clear understanding of when and how much of their time is required.

**PROJECT MANAGEMENT**

Effective ongoing project management is a critical element to the success of any implementation. It is vital that someone has day-to-day responsibility for overseeing the execution of the project plan. The project manager is responsible for identifying and communicating to the executive leadership, any risks or issues that may delay the project or jeopardize the project goals or objectives.

**PARTICIPATION OF BUSINESS USERS**

It is important that business users are active participants in the implementation of a project. Their participation is important not only because they are the people with the most knowledge of how the system can best support the business requirements of the company, but also because their participation will help ensure:

- They feel some ownership of the project and are vested in its success.
- They become advocates of the system in their respective departments.
- They become more knowledgeable of the system earlier on, and can assist with training and change management for the rest of the organization.

**BREAK THE IMPLEMENTATION INTO PHASES**

The potential benefits of implementing a new system are numerous. However, it is important to resist the temptation to “bite off more than you can chew.” Trying to roll out all the potential system and process improvements at one time can put the project at risk. Breaking the
project into phases or waves can help ensure success by:

- Enabling a portion of the benefits of the new system to be realized sooner rather than later.
- Demonstrating some early success will help sustain enthusiasm and commitment to the project.
- Eliminating the risk of overwhelming the organization, from a training and change management perspective.
- Enabling subsequent phases or waves to benefit from the lessons learned of the first phase of the project.
- Eliminating the risk of losing employee enthusiasm and commitment to the project.

**CONTROL THE PROJECT SCOPE**

Failure to manage project scope poses another significant risk to a successful implementation. As mentioned above, it is critical to establish the project scope during *Project Planning*. During the course of an implementation there may be a valid reason to change the scope of the project. It is essential that a process for evaluating, prioritizing and approving changes be established with executive leadership. They must be involved in any decision to alter the project scope. They should understand the impact, and sign off on project timing, project cost and project resource requirements.

**LIMIT CUSTOMIZATIONS**

Customization of software adds complexity and expense to a project, and should be limited. A process should again be established to evaluate, prioritize and approve proposed customizations with executive leadership. Where possible, business processes should be changed to conform to the system functionality. Exceptions include cases where the business users believe a particular business process gives them a competitive advantage, or is otherwise critical to their success.

**EMPHASIS ON TRAINING**

Ultimately the success of any system implementation is dependent on the ability of the end users to use the system effectively. Role-based training, tailored to the functionality required for each user community, is essential to project success.

---

**Fritz Schindelbeck, Vice President of Professional Services**

Fritz joined Yardi Systems in 2002 and has been working with our strategic national and international clients to help them realize the maximum value from their investment in Yardi Systems technology. He has over 22 years of experience in the real estate industry, having served as a controller and IT director for a pension fund advisor, and vice president of consulting for a leading provider of technology solutions to the industry. Prior to joining Yardi Systems in his current capacity, Fritz was a senior manager for both KPMG and Deloitte & Touche in their real estate systems and operations consulting practice. Fritz has led project teams in the completion of literally hundreds of successful real estate systems implementations. Fritz has a B.A. in business administration from California State University, Fullerton.

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**Brian Masterson, Senior Manager in the Professional Service Group**

Masterson has over 22 years combined experience in operations and systems consulting, including over 18 years working exclusively with the real estate industry. He has worked extensively with real estate owners, real estate investment advisors, property managers and developers of all property types on system selections, system implementations, operations and organizational assessments, system strategies, and business process redesign projects.

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**About Yardi Systems**

Yardi Systems, Inc. is the global leader in the design, development, and support of integrated Asset and Property Management software for organizations of all sizes. Our client-driven software serves more than 15,000 businesses, corporations, and government agencies, representing more than 5 billion square-feet of commercial space and 5 million residential units globally.

For more information about Yardi products and services, visit www.yardi.com.
Technology problems can seem really, really big.

Call the Tech Helpline — no matter what size the challenge.
It’s like having your personal IT department.

FREE access for all IREM Members!

No matter what size the challenge, don’t let technology problems reduce you in size.

Let’s face it: you’re a real estate manager — not an IT professional. You’ve got more important things to do than deal with hardware or software problems. And if you’ve been caught pulling out your hair over the “blue screen of death”, you’re not alone. That’s why there’s the Tech Helpline — a group of patient and knowledgeable technology professionals who can talk you off the ledge. They can troubleshoot all the basic applications, advise you on how to shop for technology hardware and software, diagnose problems, and offer solutions for all of your professional and personal computer needs. Most importantly, they understand your needs as a real estate manager.

Call the Tech Helpline at 1-866-829-1442 and put your technology back to work for you.

We’re also online!
www.technologyhelpline.com

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We want to highlight all the ways we are celebrating this year so that more individuals can join in the fun, and others can be inspired by what you have planned! Add your 75th anniversary events to the IREM Web site by going to www.irem.org/75th. We’ll be highlighting events listed on the web in JPM, so share the spirit!
Be sure to read these pages for fun facts from the past, key information on celebrations in your area or throughout the country, as well as a reflection of our history.

**You Are the “I” in IREM—Help us celebrate by sharing your story**

How has your IREM credential helped your career? What IREM Members have made a difference in your chapter or community? What makes your chapter so special? Help us share, recognize and reward these special IREM stories. Visit [www.irem.org/75th](http://www.irem.org/75th).

**Check out IREM Antiques—Do you know what this is?**

The Institute’s first logo captured what our association stood for in its founding—and still stands for today—ability, integrity and the constant reminder that “the investment must be safeguarded.” To see more items from the IREM archives, visit our online museum at [www.irem.org/75th](http://www.irem.org/75th).

**You Are Never Fully Dressed—Without a Diamond**

In celebration of our diamond anniversary, all IREM Members who have paid their 2008 dues received a 75th Anniversary lapel pin—which is in the shape of a diamond. Wear your diamond with pride throughout this year as part of the Institute’s 75th anniversary celebration—and remember to bring it with you to Chicago for the gala event in October. Together, we’ll make Chicago “sparkle!”

---

**Thank you IREM 75th Anniversary Sponsors!**

**Diamond**

YARDI
[www.yardi.com](http://www.yardi.com)

**Platinum**

[www.realtor.org](http://www.realtor.org)
1940 | 1941 | 1942 | 1943 | 1944

Churchill becomes prime minister of Britain

The successful use of penicillin is revolutionized

Joseph Stalin is TIME magazine's "Man of the Year"

Milton Bradley invents Chutes & Ladders

Joe Nuxhall, the youngest pitcher in major league baseball, is only 15 years old when he hurled his first major-league game for the Cincinnati Reds

National debt $64.3 billion

M&Ms included in WWII soldier's rations

The film Casablanca is released

Average annual salary is $1,299

Average annual teacher's salary is $1,441

Minimum wage is $0.43 per hour

55 percent of homes have indoor plumbing

Life expectancy is 68.2 years for females, 60.8 years for males
### AT THE WORLD IN THE 1940s

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>The slinky is invented by a ship inspector</td>
</tr>
<tr>
<td>1946</td>
<td>Commercial television with 13 stations becomes available to the public</td>
</tr>
<tr>
<td>1947</td>
<td>The frisbee is invented</td>
</tr>
<tr>
<td>1948</td>
<td>Frozen dinner is invented</td>
</tr>
<tr>
<td>1949</td>
<td>NATO - 12 nations sign treaty</td>
</tr>
</tbody>
</table>

### ARCHITECTURE & REAL ESTATE

- Nonessentials are eliminated and simplicity becomes the key element. Modern glass-and-steel office buildings begin to rise after the war ends.
- After the war, suburbs—with their tract homes and uniformity—spring up, housing GI's and their new families.
- The family lawn becomes the crowning glory and symbol of pride in ownership.
KEEP UP THE GOOD WORK

Prior to the depression, the management business, except as a specialty in the big cities, did not amount to much. Then our late cousin, the depression, descended upon us—the unexpected, unwelcome guest who stayed with us for ten long years. Did I say unwelcome? Cousin Depression made our business with little help from us. The thousands of mortgage lending institutions all over the country found themselves owners, not mortgagees, and they knew nothing about how to handle the job. They turned to the Realtor, who turned to the Institute. We enjoyed prosperity and began to educate the public to our specialized business. We were a group of "professional men" not a trade organization. All this was quite rosy and lasted until the end of the depression. Then we began to sell the properties, and to a large extent forgot the steady income of the management business and our "profession" for the larger quick return of sales brokerage. In our anxiety to make sales, many of us neglected to try to keep our management.

Then the war. Meeting attendance dropped off. The national convention was cancelled. Result? Not good! Loss of business! Loss of interest! Members asked, "What do I get out of the Institute?" "Why should I be a member?"

About this time several very interesting things happened. The Institute began to emphasize the problem of how to go out and get business. Some rather academic criticism was heard that this was "unprofessional." We can not decay while waiting for bad times to throw good business at us. The Institute sponsored an advertising competition and some of us began to wake up and do things. Many of the advertising programs used by our members throughout the country are not just eye-catching "straws-in-the-wind." They are exciting, cash-on-the-line, supported punches to get business. They are evidence that we are taking an aggressive, healthy course to sell our professional business to the property-owning public, which during the depression was unnecessary...

Then President Delbert Wenzlick came along. He decided not to wait for a pauper's grave but took the offensive. All of us may not agree with all of his ideas, but he went out into the field and met us in our own backyards. He kindled enthusiasm and reawakened our interest. Several new chapters were formed. And now we are working on some By-laws changes. Perhaps we haven't gone as far as some us wanted—but where there is new life, there is hope.

The Journal is in for a facelifting. Pictures and illustrations are coming into more use. Articles are to have new vigor. When all of us put this renewed effort into our own territories, the crises will be over. Go to it!

The depression sleigh ride is over. The shock of the sudden stop has passed, and we have started climbing the hill again. Keep moving, CPMs—keep moving—forward and upward—with caution on the downhill coasting.

Ormonde A. Kieb, Editorial Board


**The Editor’s Review**

**WORD FROM OVERSEAS**

One of the sixty-five CPMs serving overseas, Frederick Wayland of Boston, Massachusetts, now a Pfc. In the Fifth Army, says his Institute membership card was instrumental in his being selected to serve as part of the operating staff of Grande Albergo Alpino, an Italian hotel in Stresa, now being used as an Army’s officers’ rest camp. He writes:

2633 Service C. Hq., 5th Army
APO 464 c/o PM, New York City
June 23, 1945

Dear Sirs:

I was very pleased to receive your letter of May 28 regarding the Journal, etc.; and look forward to the time when I can get back into the swing of things at home.

Property management has been my second love, shall we say, for a good many years, and during my free time in the two years I’ve spent, thus far, in the Army, I’ve looked over every hotel I could find from Georgia, where I was trained, to the Alps here in Italy.

If for no other reason, my “browsing” around has been worth while as I met a friend of U.S. Ambassador Kirk while in Rome last January, and had luncheon with the Ambassador at the Barberini Palace.

At present I am, in a small way, part of the staff operating the Fifth Army’s Senior Officers’ Rest Hotel, located here in Stresa, Italy. It is the Alps overlooking the beautiful Lake Maggiore, and just an hour’s ride from Switzerland. The important factor is that my ever-present Institute of Real Estate Management Membership Card was instrumental in my being one of the few, with experience, selected by the army to come here.

My wife, who is a very efficient and capable girl, has managed my property and small office force since I’ve been in the Army. Therefore, I’d appreciate your mailing the Journal to her as indicated on your enclosed form.

Sincerely yours,
Pfc. Frederick Wayland

From Tinian Island in the Marianas, CPM Arnold Goldsborough of Wilmington, Delaware, writes that he is operating a laundry:

HQ., Hq. Co. AGF, APO 247
c/o PM, San Francisco, Calif.
July 8, 1945

Dear Sirs:

I’ve received your letter about the Institute and the Journal. The Journal is being sent to me by my office, I believe. I am receiving it but do not remember the return address on the envelope.

I have been on this Island since October and am operating a laundry with native help. I have learned to speak a little Japanese and manage to get along with women nicely.

At first we just scrubbed the clothes flat top tables. Then I managed to get some washing machines and taught them how to use them. Their eyes popped when they saw the machines. Now we have irons and a regular laundry—even to the bluing!

Are there any CPMs on Tinian?

Here’s hoping we all meet again soon.

Sincerely yours,
Cpl. Arnold Goldsborough

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Wartime conditions in paper and printing have been responsible for the delay in the March and June issues of The Journal of Property Management. Whereas both of these factors are beyond the control of the Institute it is hoped that the situation will ease sufficiently to allow us to bring you the remaining two issues for 1945 before the end of the year. In any event, it is now clear that the delays will be minimized and that future publications will more closely approximate their due date.
75th Anniversary Contest

Win a Trip for Two to Hawaii

High Five for 75

Grand Prize
Airfare, Hotel, and Registration for Success Series 2009 in Hawaii
Enjoy complimentary airfare for two people, two hotel nights, and one registration to IREM's Fall Meetings, including IREM & CCIM Success Series 2009, October 13-17, 2009, in Honolulu, Hawaii.

2nd Prize
Airfare, Hotel, and Registration for Success Series 2009 in Hawaii
Enjoy complimentary airfare for one person, two hotel nights, and one registration to IREM's Fall Meetings, including IREM & CCIM Success Series 2009, October 13-17, 2009, in Honolulu, Hawaii.

75 Participation Prizes
Miscellaneous Rewards
Enjoy discounts for IREM Gear, conference registrations, courses, publications, and more. Maximum values apply, to be redeemed by October 31, 2009.

Early Bird Prizes
Act Fast! The first 10 participants who complete "HIGH FIVE FOR 75" Quiz #2 will receive a reward!

Entering is Easy!
To be eligible for the drawing, you must be an IREM Member and complete the "HIGH FIVE FOR 75"—five quizzes that will appear in each of the five bi-monthly issues of JPM starting January/February and concluding with our September/October commemorative issue. Simply answer a few questions about the 75th Anniversary articles and featured advertisers found in each issue of JPM—go to www.irem.org/75thContest to complete the quizzes. It's that easy!

March/April Quiz
Go to www.irem.org to answer these questions online. You'll find all the answers you need in this issue of JPM. Missed the January/February Quiz? Don't worry, you can still participate. Go to www.irem.org/75thContest for links to the current quiz as well as past quizzes.

Rules and Regulations
1. The contest is open to IREM Members only. IREM employees are not eligible for prizes.
2. To be eligible for prizes, contest participants must complete all "HIGH FIVE FOR 75" quizzes.
3. Quizzes can be completed online only at www.irem.org/75thContest. Mailed entries will not be considered.
4. Missed quizzes can be completed online until October 1, 2008.
5. All entries must be completed no later than October 1, 2008.
6. Winners will be selected randomly from those who completed all five quizzes submitted by the October 1, 2008, deadline.
7. Winners will be announced at IREM's Fall Meetings which will be held in Chicago on October 14-18, 2008.
8. Winners need not be present to accept prizes.
9. Names of all the winners will be announced in JPM and online at www.irem.org.
10. IREM reserves the right to exclude merchandise or to exchange prizes within the same prize value range.
11. Winners are responsible for any personal taxes incurred from the winnings.
12. For each of the five quizzes, the first 10 participants to complete the “HIGH FIVE FOR 75" Quiz will receive a reward.
### High Five for 75 - Quiz #2

Go to [www.irem.org/75thContest](http://www.irem.org/75thContest) to answer this quiz online. You’ll find all of the answers in this issue of *JPM*.

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An unexpected benefit of the Great Depression was the transition of mortgage holders from mortgages to _____. This actually helped accelerate the development of formal management standards.</td>
<td>A. Landlords&lt;br&gt;B. Institutes&lt;br&gt;C. Tenants&lt;br&gt;D. Owners&lt;br&gt;E. None of the above</td>
</tr>
<tr>
<td>2. Serving in the war in Italy, Frederick Wayland discovered that his ____ was instrumental in his assignment to become a staff member at the Fifth Army's Senior Officers' Rest Hotel overlooking Lake Maggiore in the Italian Alps.</td>
<td>A. Professional experience&lt;br&gt;B. CPM certification&lt;br&gt;C. IREM membership card&lt;br&gt;D. His judicious and militarily-correct use of the term “bepapered”&lt;br&gt;E. None of the above</td>
</tr>
<tr>
<td>3. True or False: More than 85 CPM Members served in the military overseas during World War II.</td>
<td>A. True&lt;br&gt;B. False</td>
</tr>
<tr>
<td>4. <em>JPM</em> was late in March and June, 1945. Specifically, the lateness was due to:</td>
<td>A. Paper and printing wartime shortages&lt;br&gt;B. Lost production schedules and timelines&lt;br&gt;C. Staff working in wartime “Rosie the Riveter-type jobs”&lt;br&gt;D. Staff cutbacks&lt;br&gt;E. All of the above</td>
</tr>
<tr>
<td>5. In the 1940s, there was great alarm that the National Debt had risen to:</td>
<td>A. $18 million&lt;br&gt;B. $200 Million&lt;br&gt;C. There was none—the US had a surplus&lt;br&gt;D. $43 billion&lt;br&gt;E. $100 billion</td>
</tr>
<tr>
<td>6. Which of these was NOT a significant milestone of the 1940s?</td>
<td>A. African Americans were formally granted the right to vote by the Supreme Court&lt;br&gt;B. First IBM personal computer was developed&lt;br&gt;C. Center of the western art world shifted from Paris to New York&lt;br&gt;D. First skyscraper was constructed&lt;br&gt;E. None of the above</td>
</tr>
<tr>
<td>7. Changes planned for <em>JPM</em> included:</td>
<td>A. A complete redesign&lt;br&gt;B. Pictures&lt;br&gt;C. Illustrations&lt;br&gt;D. “Puncher” articles&lt;br&gt;E. All of the above</td>
</tr>
<tr>
<td>8. When <em>JPM</em> quoted “The shock of the sudden stop has passed, and we have started climbing the hill again,” it was referring to:</td>
<td>A. The commercial building boom that suddenly stopped just after the war&lt;br&gt;B. The end of World War II and the shock of troops returning home&lt;br&gt;C. The end of the Great Depression and the slow recovery at hand&lt;br&gt;D. All of the above</td>
</tr>
<tr>
<td>9. Another shocking development in real estate management techniques was when the Institute sponsored a(n) ____ competition:</td>
<td>A. “IREM GI of the Year”&lt;br&gt;B. “High Five for 45” Quiz and Sweepsakes&lt;br&gt;C. Advertising&lt;br&gt;D. Clean building&lt;br&gt;E. Bepapering</td>
</tr>
<tr>
<td>10. One IREM Member thrilled a crowd of Japanese women by introducing them to:</td>
<td>A. CPM certification&lt;br&gt;B. Western movie magazines&lt;br&gt;C. A bunch of single GIs&lt;br&gt;D. The automatic washing machine&lt;br&gt;E. Coca-Cola</td>
</tr>
<tr>
<td>11. The ad by Yardi, an IREM 75th Anniversary Diamond Sponsor, features a client profile. Who is the subject of the profile in this issue of <em>JPM</em>?</td>
<td>A. Roto-Rooter&lt;br&gt;B. Cushman &amp; Wakefield&lt;br&gt;C. Madonna&lt;br&gt;D. None of the above</td>
</tr>
<tr>
<td>12. Which advertiser encourages property managers to “do the math” to decide which is the best solution for a specific property-related problem?</td>
<td>A. Roto-Rooter&lt;br&gt;B. Wood Concepts&lt;br&gt;C. Duro-Last Roof&lt;br&gt;D. None of the above</td>
</tr>
<tr>
<td>13. IREM proudly welcomes a new 75th Anniversary Platinum Sponsor. That sponsor is:</td>
<td>A. Dunkin Donuts&lt;br&gt;B. Realtor® Commercial Alliance &amp; National Association of Realtor®&lt;br&gt;C. Real Management Company, Inc.&lt;br&gt;D. None of the above</td>
</tr>
<tr>
<td>14. How does advertiser Wood Concepts help your property make a great first impression?</td>
<td>A. Solid Surface Signage&lt;br&gt;B. PVC Signage&lt;br&gt;C. Double-Column Mounted Signage&lt;br&gt;D. All of the above</td>
</tr>
<tr>
<td>15. Roto-Rooter always has amusing ads—what is the theme this month?</td>
<td>A. We Take Plumbing Problems Off Your Back&lt;br&gt;B. Big Problem? Small Problem?&lt;br&gt;C. If Your Buildings Could Talk...&lt;br&gt;D. ...and away go troubles down the drain? Roto-Rooter!</td>
</tr>
</tbody>
</table>
Landing the deals

- Divaris Real Estate Inc., which comprises Divaris Property Management Corp., AMO, made the following business transactions:
  - It leased 43,513 square feet of office space in the Wachovia Tower in Roanoke, Va. to HSMM.
  - It announced the appointment of DPMC to manage the Freedom Plaza, a 20,000 square foot shopping center in Suffolk, Va.
  - It leased 19,000 square feet of office space in Two Columbus Center, a retail and office building in Virginia Beach, Va. to Kimley-Horn and Associates Inc.
  - It leased 7,037 square feet of office space at the Interstate Corporate Center in Norfolk, Va. to Patton, Harris, Rust & Associates.

- It announced the sale of Giant Square Shopping Center in Virginia Beach, Va. to Lowe’s Home Centers Inc.
- It renewed a lease for 1,120 square feet of space at the Town Center in Virginia Beach, Va. to Senator James Webb.

- Contravest Management Company, AMO, announced the construction completion of the Reserve at Beachline, a $30 million apartment community in Orlando, Fla.

- Levin Management Corporation, AMO, has been chosen to provide a full range of management services at two IKEA properties. The properties include the 630,000 square foot Elizabeth Center in Elizabeth, N.J. and a 550,000 square-foot property in Paramus, N.J.

Know Your IREM Code of Professional Ethics

Article 7: Conflict of Interest

by Bob Demson, CPM® Emeritus

A Member shall not represent personal or business interests divergent from or conflicting with those of the client or employer and shall not accept, directly or indirectly, any rebate, fee, commission, discount, or other benefit, monetary or otherwise, which could reasonably be seen as a conflict with the interests of the client, employer or firm, unless the client or employer is first notified in writing of the activity or potential conflict of interest, and consents in writing to such representation.

There are a great number of business situations that violate or come close to violating Article 7. Here are two examples that may be considered conflicts of interest:

Example 1: You are a CPM candidate; you work for a medium-size management company where you directly supervise two other property management supervisors. The company has three roving maintenance persons who have been instructed to buy equipment at the local Ace Hardware run by your uncle. There is a 20 percent discount on any items sold to the company-managed properties. Your uncle gives you a monthly check based on a percent of sales to your company.

Example 2: You are a CPM and work for an AMO® firm. A large high-rise condominium you manage has just completed a $1.5 million renovation. The general contractor for the job has sent you two 50-yard line tickets to a major football game in your area. You note the printed price on the tickets is $150 each.

Have you violated Article 7 in either of the examples above? Perhaps. If we only read the first part of the Article, these examples are clear violations. But in the second part, there is a passage that reads, “unless the client or employer is first notified in writing.” The Article does not say you cannot have other businesses or interests; however, if those businesses or interests provide any kind of benefit—monetary or otherwise—they must be divulged.

The best solution, of course, is to not get involved in any activity providing services or goods to your management clients. In reviewing the Article and the holdings of the Ethics and Discipline Committee, it would appear that if the relationship in example 1 was divulged in writing and approved by the client, there would be no violation. In example 2, the management company should have a written policy on gifts to all employees, including company executives. Many government agencies and companies have a policy that employees cannot accept a cup of coffee from a person with whom they are transacting business. While that may seem a bit extreme, it’s always best to review what is being done in your market place and have a policy in place before there is any question regarding what presents a conflict of interest or not.
Career Moves

- Michael D. Cleary, CPM®, ARM®, has joined Landmark Healthcare Facilities as Senior Vice President.

- Candi Atkins, CPM, ARM, has joined Christopher Homes, Inc. as Director of HUD Administration. She will direct the management staff in the intricacies of HUD regulations. Candi is also president of her own management consulting firm, Candi Atkins Consulting, which will continue to serve clients on a limited basis.

- Alan Hart, CPM Candidate, has joined Pacific West Management as Regional Manager responsible for the firm’s property management operations throughout the Dallas/Fort Worth Metroplex.

- Christine Schoellhorn, CPM, was appointed Vice President Business Development at JPI Management Services. She will be responsible for securing additional third-party clients for JPI in the western and northeastern states.

- Robin James, CPM, has joined A&B Properties, Inc. as Asset Manager. She will be responsible for assisting with the management of A&B Properties’ 5.2 million square feet of retail, office and industrial properties on the Hawaiian mainland.

Membership Figures

Here are the year-end membership numbers, including all membership types for the United States and international chapters:

- CPM Members: 8,642
- CPM Candidates: 3,305
- ARM Members: 3,696
- Associate Members: 2,187
- Student Members: 213
- Academic Members: 25
- Total Members: 18,079

On the Road Again

March 11
Georgia Chapter No. 67
Location: Atlanta
Visiting Officer: Pam Monroe, President-Elect

March 11
Central Florida Chapter No. 60
Location: Apoka, Fla.
Visiting Officer: Ron Goss, Senior Vice President

March 13
Memphis Chapter No. 20
Location: Memphis, Tenn.
Visiting Officer: Madeleine E. Abel, Senior Vice President

April 8
Houston Chapter No. 28
Location: Houston
Visiting Officer: Madeleine E. Abel, Senior Vice President

April 9
Kentucky-West Virginia Chapter No. 104
Location: Lexington, Ky.
Visiting Officer: Reggie Mullins, President

April 10
Central Virginia Chapter No. 38
& Virginia Tidewater Chapter No. 39
Location: TBD
Visiting Officer: Reggie Mullins, President

April 16
Northern Virginia Chapter No. 77
Location: Gaithersburg, Md.
Visiting Officer: Reggie Mullins, President

April 24
Tucson-Southern Arizona Chapter No. 73
Location: Tucson, Ariz.
Visiting Officer: Reggie Mullins, President

April 24
Utah Chapter No. 33
Location: Syracuse, Utah
Visiting Officer: Randy Woodbury, Secretary/Treasurer
RVP Corner

In RVP Corner JPM shares the thoughts and opinions of an IREM Regional Vice President on a single topic covered in the magazine. This issue, IREM Region 9 Vice President Dale Nusbaum, CPM®, discusses the relationship between property managers and brokers.

Nusbaum oversees the activities of IREM chapters in Illinois, Minnesota and Wisconsin. He is President of Park Ridge, IL-based McLennan Property Management Company, AMO, which manages commercial, industrial and residential properties. Nusbaum earned the CERTIFIED PROPERTY MANAGER (CPM) designation from IREM in 1977 and served as IREM Chicago Chapter No. 23 president in 1995.

How can a good relationship with brokers be beneficial to property managers?
The broker becomes another set of trained professional eyes, which can assist and enhance the property manager’s efforts. As the broker works to renew leases and fill vacancies, the property manager realizes a steady stream of income due to higher occupancy. The property manager gains valuable insight into the brokerage end of the business, which in turn sharpens the manager’s knowledge and skills.

An additional source of income for the manager will be created in the form of management fees and construction supervision fees for capital and tenant improvements, which come about as a result of brokerage activities.

How should property managers identify broker associations?
Search the Internet, look in the phone book and inquire about brokers when talking with other professionals like attorneys, accountants and fellow members of real estate associations, like IREM.

How can property managers best connect with brokers on a professional and personal level?
Invite the broker out to breakfast or lunch for a business discussion. Consider joining an association that the broker belongs to and attend their meetings and functions. It is important to maintain the relationship by keeping in touch with the broker. Consistency is crucial, but be careful to avoid being a nuisance. The occasional phone call, e-mail or personalized note is essential and appropriate.

How do the financial viewpoints of property managers and brokers typically differ?
The property manager has a tendency to focus on the budget and bottom line of the property’s operations while the broker may lobby to persuade the owner to make cosmetic and capital improvements that will ultimately generate a leasing fee or sales commission.

What types of incentives or working agreements can property managers offer brokers to help build trust?
Referral fees are a great incentive and certainly at the top of the list. The property manager could also reciprocate by introducing the broker to some of the manager’s key customers. Leasing fees and sales generated as a result of these new contacts could create referral fees back to the manager.

For an in-depth discussion of the relationship between managers and brokers, please see the feature, “Profitable Partnerships,” on page 30.
AMO® Spotlight

To earn the Accredited Management Organization (AMO) designation from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM® in an executive position. AMO firms must meet high ethical standards and other stringent requirements, proving their value to the industry. JPM talked to Rick Burnett, Executive CPM for Triple Net Properties, LLC and Triple Net Properties Realty Inc., about the recent merger between parent company NNN Realty Advisors and Grubb & Ellis Company and what the AMO accreditation means.

How did the merger between Grubb & Ellis Company and NNN Realty Advisors affect Triple Net Properties Realty Inc., an AMO certified subsidiary?

Upon completion of the merger of Grubb & Ellis Company and NNN Realty Advisors, Inc., management of a number of properties managed by Triple Net Properties Realty was transferred to Grubb & Ellis Management Services, one of the world's leading providers of commercial real estate management services and a fellow AMO firm. The combination of Grubb & Ellis and NNN Realty Advisors creates a new Grubb & Ellis with visionary leadership and the resources to better compete in the global commercial real estate industry. It also gives the company a management portfolio that exceeds 214 million square feet of property.

What are the benefits of the AMO accreditation?

The AMO membership recognizes our qualifications to provide superior real estate management and advisory service for our clients. Grubb & Ellis' philosophy is in alignment with the Institute of Real Estate Management's Accredited Management Organization criteria for membership. We are proud to demonstrate to the real estate community our qualifications and commitment to achieve ownership goals. Our firm subscribes to the integrity and ethics of IREM and the AMO designation. We also have the depth of experienced and well-qualified real estate professionals who understand our markets nationwide.

Grubb & Ellis benefits from our association with the AMO as a result of the distinction it provides us. It demonstrates our commitment to property management excellence and integrity in our day-to-day practices and the high standards of professionalism exhibited by our corporation.

Grubb & Ellis has a number of team members who have achieved professional designations, including the Certified Property Manager (CPM). We continue to provide ongoing internal and external education opportunities for our team members and encourage them to pursue and complete the requirements to achieve professional designations.

What new trends are happening in real estate today? How is Grubb & Ellis responding to these trends?

As markets change and client and tenant needs change, we are changing to meet those needs. For example, building energy efficiency and cost is becoming increasingly important. Our brokers are starting to see energy efficiency/green requirements in requests for proposals to lease space. We have started a portfolio-wide audit to determine where we can cost-effectively make changes to building systems or operating procedures to lower energy costs. In addition, we are pursuing Energy Star and LEED certifications to demonstrate to our tenants, investors, clients and stockholders our commitment to efficient building operations and lower costs, while staying as environmentally aware as possible.

Company headquarters location
Grubb & Ellis and Triple Net Properties are headquartered in Santa Ana, Calif.

Number of employees
The new Grubb & Ellis employs more than 6,000 professionals in virtually every key primary, secondary and tertiary market throughout the United States as well as strategic international locations where its clients have real estate needs.

Date the company become an AMO firm

Grubb Ellis
Property Solutions Worldwide
2009 National Officers and RVP Nominees Slated

IREM’s Nominating Committee has announced its slate of nominees for 2009 national officers to serve with 2009 President Pamela W. Monroe, CPM®, of Pleasantville, N.J. They are:

- President-elect: O. Randall Woodbury, CPM, Salt Lake City
- Secretary/Treasurer: Ronald L. Goss, CPM, Little Rock, Ark.

IREM’s Nominating Committee also submits the following nominations for regional vice presidents for the 2009-2010 term.

<table>
<thead>
<tr>
<th>Region</th>
<th>Nominee</th>
<th>States in region</th>
</tr>
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<tbody>
<tr>
<td>2</td>
<td>Jesse Holland, CPM, Latham, N.Y.</td>
<td>Delaware, New Jersey, New York, Pennsylvania</td>
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<td>3</td>
<td>J. Todd Willett, CPM, Richmond, Va.</td>
<td>Maryland, Virginia, West Virginia, District of Columbia</td>
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<td>5</td>
<td>Richard Wayne Pierce, CPM, Madison, Mo.</td>
<td>Alabama, Arkansas, Louisiana, Mississippi</td>
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<td>6</td>
<td>Sheila A. Austin, CPM, Franklin, Mich.</td>
<td>Indiana, Kentucky, Michigan, Ohio</td>
</tr>
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<td>8</td>
<td>Donald B. Wilkerson, CPM, Reno, Nev.</td>
<td>Arizona, Colorado, Nevada, New Mexico, Utah</td>
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<td>11</td>
<td>J. Benjamin McGrew, CPM, Carmichael, Calif.</td>
<td>California, Hawaii</td>
</tr>
<tr>
<td>13</td>
<td>Connie H. Carpenter, CPM, Nashville, Tenn.</td>
<td>North Carolina, South Carolina, Tennessee</td>
</tr>
<tr>
<td>14</td>
<td>Mark Bell, CPM, ARM®, Yorkton, SK</td>
<td>Canada</td>
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</tbody>
</table>

The election will take place during the IREM Governing Council meeting on Tuesday, April 15, 2008 at 8:30 a.m. at the JW Marriott Hotel in Washington, DC. IREM bylaws provide additional nominations for officer and regional vice president positions. Any additional nominations must be made by a petition signed by at least 15 members of the Governing Council delivered to the Executive Vice President at least 10 days in advance of the date set for the election.

Foundation recognizes IREM Member donors

During the 2007 IREM Fall Meetings, IREM Foundation President E. Craig Suhrbier, CPM®, announced a new recognition program to thank donors who have supported Foundation endeavors. This program recognizes contributions to the annual appeal, special events such as the auction, special requests including the Katrina Disaster Relief effort and the Bette Fears ARM Memorial Scholarship Fund.

Suhrbier recognized IREM Members during a major donor reception prior to the inaugural dinner. The Foundation wishes to express sincere gratitude for each recipient’s commitment to attract and develop individuals for careers in real estate management.

<table>
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<th>Sapphire Contributions</th>
<th>Emerald Contributions</th>
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<tr>
<td>Eugene Burger, CPM</td>
<td>Robert Click, CPM</td>
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<td>John Gallagher, CPM</td>
<td>Beverly Roachell, CPM</td>
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<td>Madeleine Abel, CPM</td>
<td>Alan Huffman, CPM</td>
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<tr>
<td>E. Craig Suhrbier, CPM</td>
<td>Edward Boudreau, CPM</td>
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<td>Michael Simmons, CPM</td>
<td>Richard Muhlebach, CPM</td>
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<td>Louis Simmons, CPM</td>
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<td>Anthony Smith, CPM</td>
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<td>Robert Toothaker, CPM</td>
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Gold Contributions

Regina T. Mullins, CPM
William Bosari, CPM
Pamela Monroe, CPM
Jo Anne Corbit, CPM
Russell Salzman, CAE, IOM
Patricia Nooney, CPM
Saadat Keshavjee, CPM
Ken Goodacre, CPM
Victoria Parmentier, CPM

White gold CPM and ARM pins were designed with gem stones to recognize the following support levels:

- Gold – $2,500
- Emerald – $5,000
- Sapphire – $10,000
- Ruby – $25,000
- Double Ruby – $50,000
- Diamond – $75,000
- Double Diamond – $100,000

Foundation wishes to express sincere gratitude for each donor's contributions to the 2007 IREM Fall Meetings, including a donor reception prior to the inaugural dinner.
IREM translates one article from each issue of Journal of Property Management into multiple languages to serve our members throughout the world. You will find translations of the article, “Stepping on the Green,” by James G. Parker from the January/February 2008 issue of JPM, on the foreign language pages of the Web at www.irem.org.

中文 (Chinese)

español (Spanish)
La versión en español del artículo Hacia un futuro más verde, por James G. Parker, del número de enero/febrero del JPM 2008, se encuentra en la página español del IREM: www.irem.org/international/spanish/intro.cfm.

français (French)
Vous trouverez une traduction de l'article Déplacements écologiques, par James G. Parker tiré du numéro de janvier/février 2008 de JPM sur la page française du site Web de l'IREM à l'adresse: www.irem.org/international/french/index.cfm.

한국어/조선말 (Korean)
JPM 2008 년 1/2월호의 제목이란

português (Portuguese)
Você poderá encontrar a tradução em Português do artigo Pisando no Meio Ambiente de James G. Parker referente a edição de Janeiro/Fevereiro do JPM na página de Português do IREM: www.irem.org/international/Portuguese/index.cfm.

日本語 (Japanese)

русский (Russian)

wersja polska (Polish)
## Course Listings

### MARCH

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Visit www.karchercommercial.com for more information.
Going native
Landscaping with indigenous plants helps property managers streamline maintenance and reduce costs

By Markisan Naso

The term "native landscaping" may sound alien, but it's actually just a technical way of describing landscaping with plants familiar to your area. Native landscaping is an excellent method of reducing the need for non-renewable resources, improving air and water quality, and saving you time and money.

Native plants are more resilient than non-native plants because they have already adapted to local environmental conditions. Once established, these indigenous grasses and flowers function much like a natural system—they sustain themselves, said Peter Muroski, president of Native Landscape, Inc., a landscaping company in Pawling, N.Y.

This means property managers don't have to devote as much time and money to maintenance around their buildings. A native landscape does not need to be mowed like a conventional lawn and seldom requires fertilizing, weeding, pruning or watering, according to the Environmental Protection Agency (EPA).

Native plants are naturally more resistant to pest problems than non-native plants as well, cutting out the need for costly pesticides.

"Most people think you need to use pesticides. But if you let the natural process happen, native plants balance the eco-system and control pests," Muroski said.

Eliminating pesticide use also minimizes the harm to people and to eco-systems from improper use or overuse of chemicals. It helps to maintain the water quality at your properties as well, by preventing pollutants from infecting streams, rivers, lakes and bays. In addition, native landscaping improves air quality by cutting down on the amount of toxins and air pollutants released into the air by gas, battery or electric powered maintenance equipment like lawn mowers and weed trimmers.

GREENING YOUR GROUNDS
Creating and managing native landscaping projects varies according to your site conditions and your goals. Here are some general steps for native landscaping based on information from the EPA (www.epa.gov/greenacres) and Minnesota's Department of Natural Resources (www.dnr.state.mn.us):

1) **Identify plants native to your area**—A quick search for "native landscaping" on the Internet will yield a variety of results, mostly area-specific. Chicagowilderness.org, for instance, lists native plants in the Midwest. Along with the Internet, many field guides are also available. It is also helpful to visit natural areas to see how native plants grow in a community setting.

2) **Understand local government regulations**—Regulations may affect the location of natural landscaping on the site and the types of plants used. You need to know local weed ordinances and fire regulations.
3) **Know your site**—A number of factors determine the kind of preparation needed for native landscaping, like whether or not you need to remove existing plants on your property, the amount of sun exposure available, soil type and the effects of neighboring natural vegetation.

4) **Determine your budget**—Native landscaping is a long-term investment that can be done in phases. It is important to plan the project according to how much money and time you have now and in the future.

5) **Select native plants**—Buy nursery-propagated plants or seeds of local origin, which can be purchased at many retail nurseries or through mail-order catalogs. When choosing species, ask vendors for guides on each plant's site requirements, bloom color and bloom time. It is important to choose native plants that will grow well at your site.

6) **Prepare and plant the site**—Make sure existing vegetation is weed free and there aren't any plants that will compete with native species. Before planting, seek advice on how to properly control and eliminate undesirable plants. Also, make sure you have proper planting equipment.

7) **Manage the site**—Native plants do require some maintenance for the first few growing seasons. It takes time for them to get established. Make sure you know what kind of early care is needed for your native plants. It is also important to monitor your site for weeds. There are many methods of weed control, so choose the best one for your property.

Introducing native plants to landscaping is a smart, cost-effective and eco-friendly project that any property manager can do. Whether you are interested in installing a small flower patch or something more elaborate, native landscaping will help reduce maintenance costs, and create a healthy and more beautiful property. ☑

Questions regarding this article should be sent to mnaso@irem.org.

Markisan Naso is the associate editor for JPM.

For more information on how to get started with native landscaping visit www.plantnative.org.

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