

Greensboro Landlords Association

Meeting Minutes
August 14th, 2018

Opening:

The monthly meeting of the Greensboro Landlords Association was called to order at 6:30 on August 14th, 2018 at the Greensboro Regional Realtors Association by President, Mike Walker.

Attendance:

33 Members – 1 new that evening - and 2 Guests were recorded by Jennifer Dille with TESS, LLC, 3rd Party Vendor.

General Announcements by Mike Walker:

- Thanked our guests and newest member and for everyone coming out tonight.
- We NOW ACCEPT CREDIT CARDS VIA SQUARE!
- **Our Schedule is Full with More Great Speakers:**
 - September:** Lawyer, Sean Doyle, to Discuss Service and Emotional Animals
 - October:** Open Discussion with Mayor and Mark Wayman (City Inspector)
 - November:** Taxes with Sandy Shelton – Do we understand the code now?
 - December:** Holiday Social at Porterhouse Burger Company
- **Proposed Fee Change for 2019**– With our growing activities and upgraded space we are proposing a new Membership Structure for 2019:
 - a. **Individual** - \$75
 - b. **Joint** - \$125
 - c. **Corporate** - \$250
 - d. **Associate/Sub-Contractor** - \$125

These are not based on # of properties owned. They are based on your needs. **Membership includes:** 9 Meetings with Speakers and 2 Socials – That is a deal!!

- **Before we get started, does anyone have any questions or announcements** for the group before we get started? OK, no questions or comments.

I will now turn the meeting over to our panel of Property Management Owners:

Kerri Craig Person with Rent-A-Home of the Triad

Dennis Frohlich with SLT Properties

Steve Tyree with T'Vinci Properties

Meeting Topic: Using Property Management company for Managing My Investments

Kerri Craig Person: Good Evening, thank you for having us. I am Kerri Craig Person and I started Rent-A-Home of the Triad over 29 years ago and had grown our business to represent over 1,000 properties. Just recently, due to the hot selling market and demand for inventory, some of our clients opted for a quick pay out and sold their properties, dropping us to right around 900 properties. We primarily represent properties for owners in Greensboro and also in surrounding areas in Guilford county. Our client's properties consist of single-family homes, townhomes, condos and a couple smaller apartment complexes.

Steve Tyree: Hello all! I am a newbie in the industry. I own T'Vinci Properties. I actually started the business back in 2004 but did not open it up to the public until a few years ago. When I started, I had several investments of my own and decided to see if I could help friends and family members with their investment properties without ending up in court. (Laughter from the crowd!) After several years of successfully managing those properties, I opened my business up to the general public. I had a very unique perspective coming into the business since I had actually interviewed other property management companies about managing mine and my friends and family's properties. I realized that I had a different outlook and direction I wanted to take in managing these properties. I wanted my first focus to be on the most important part of the business – to people! Yes, we would not have a business without properties to manage but the people – the owners and the tenants – are what drive property management. And so far, our focus has made us very successful in maintaining and renting the properties we manage.

Dennis Frohlich: Thanks for having us as well. I am Dennis Frohlich and I am not nearly as big as Rent-A-Home but I am little older than T'Vinci Properties. I guess you would call me, mid-size. I own SLT Properties here in Greensboro and we have been in business just over 10 years and manage just over 175 properties. We just started doing a couple of commercial properties, so we are expanding. Our goal is not to be massive. We want to maintain that close relationship with our owners and tenants. Our goal is to do our best everyday and keep everyone happy.

Mike Walker: OK, I am going to ask some general questions and then we will turn over the meeting to anyone who has questions.

First Question: What do you charge for your property management services?

Kerri: When the property is vacant, we charge a Leasing Fee which covers marketing your property on the internet and with yard signage, showing the properties with our professionally trained showing agents, processing all applications and vetting the applicants for you. In addition, this includes all paperwork – the NC Real Estate Lease, Move-In Inspection and Maintenance/Repair Requests Instructions. This fee is ½ of the first month's rent. After that the monthly fee is 10% of the rental rate. This covers handling all maintenance and repair requests and processing and distributing the monthly rental payments.

Steve: We fall right in line with industry. We have the same ½ month rental leasing fee followed by the 10% monthly rental fee. We do differ in who we handle our maintenance request. In an effort to provide the highest quality at the best rate, we add on a 10% processing fee for maintenance and repair request. This, however, is after I have negotiated with the vetted vendors to provide a 20% discount to us. So in

reality, you are receiving a 10% discount! It is a win-win for both us, the property owner, tenants and vendors. We are all receiving a fair rate for superior workmanship.

Dennis: Our structure is a little different but not far off. If you have just one property our monthly rate is 10% of the monthly rental rate, if own 2, it is 9% and if you own over 3, it is 8%. We are also a little different in how we charge for our tenant turnover. Our leasing fee is \$200 and you are done. We do not add anything onto the maintenance/repair request, what we are charged you are charged. The only fee we do keep, is the late fee. This helps to cover our costs for recovering your monthly rental payment from the tenant. Recovering that monthly rental payment is very important to us and you. We want to keep the tenants in your property to reduce turnover costs and keep your monthly payments coming in so you can keep your properties in the best shape possible to attract the best tenants.

Mike: Thanks panel. Now for the next question, which all of you touched on a little bit with the first question.

Second Question: What do you charge for maintenance and repair requests? Any may I do the repairs myself instead of you contracting out?

Kerri: As stated before, we do not add any additional fees on for maintenance and we pass along our complete 20% discount to the property owners. We guarantee the work will be done and done well. I have personally vetted our vendors over the past 29 years and will only work with those who have superior quality and reasonable rates. Our policy is, any repair that is under \$500, we will handle as soon as the request comes in – unless otherwise specified by the property owner. Knowing your owners is key to managing your properties. We have some owners that do not want to hear from us unless the property burns to the ground where other want to know if we are sending someone out to replace the toilet flapper. As I said, you have to know your property owners. As far as allowing property owners to do their own work, this is allowed but not encouraged – especially when the property is occupied. We understand the urgency, and so do our vendors, to turn around a request as soon as a tenant turns it in. Coordinating with the tenants and vendors, is our job. We provide the vendor with the key and time to enter the property or to meet the tenant. If the property is vacant, again we encourage our property owners to use our vetted vendors, but if the property owner wants to do the work themselves, we do not stop them. We do, however, encourage a quick turn-around so we can get a new tenant in as quickly as possible.

Steve: As stated before, we do have a 10% fee applied – after we apply the 20% discount from our valued vendor. Our goal, however, is to keep the repair requests to a minimum to start with by performing twice yearly inspections (Spring and Fall), to catch issues before they become a bigger issue. We have found this to be very successful in keeping the repair cost down and the tenants happy. You will find that some tenants are afraid to turn in a repair request for something small thinking it will make them look bad to the owner. Hence, what we have all read about in the papers lately with the Summit Ave apartments that fell into disrepair because the tenants did not want to report or did not realize that they had to report the issue. The inspections help to keep the communication open. I will also go and inspect work done by our vendors to make sure it is done up to our standards. As far as, allowing property owners to do their own work, they may do this or hire out their own vendors but we must first know the vendor has all the proper insurance coverage and that the property owner can do the work at the level we demand from our vendors

to keep the property safe and to protect everyone from any sort of liability. The only time we override this request, is when there is an emergency situation. We then handle the issue completely to ensure the tenant and your property is taken care of in a timely and professional manner. In regards to a maintenance dollar limit, that is discussed when the property management contract is signed. We do not have a set amount since some owners want a lower rate and some want a higher rate like a \$1,000. It all depends on the needs to the property owner.

Since the board did provide us with the questions in advance, I did want to answer how they maintenance calls are handled. We receive them via phone calls, emails, online portal requests 24/7. As soon as the request is received, we look at the notes on the property and if there is a \$0 maintenance dollar request, we know that the property owner must be contact prior to any work – outside of an emergency – is processed. We notify the tenant and owner immediately so everyone is on the same page. If the owner is going to do the work, we follow up with the owner just a strictly as we do a contractor. Everyone is held to the same level of service and response time.

Dennis: We have not run into a situation where a home owner wants to do the work themselves. We have run into home owners wanting to use their own contractors. That is fine except they must provide proof of insurance and worker’s compensation coverage first and we ask that the owner pay them directly. If we need to pay them there is a service fee. We do recommend using our approved contractors since we continually check for proof of insurance. In regards to doing the turnover work, again, the home owner can do this or hire this out but we warn the home owner that this normally costs them more money in the long run since it generally takes them longer to turn the work around.

Mike: Thanks panel. That is a very good point that Dennis brought up about worker’s compensation coverage. We have discussed this several times in other meetings and at the Coffee Chats. Any sub you hire, must have coverage, even if they are just a single individual. A lot of these guys don’t have it and you can get yourself into a bad situation if something happens.

Now, onto the “meat” of this discussion. Our third question is where our panelist will sell why you need to choose them. We will follow the same order.

Third Question: What is the benefit for hiring a Property Management company to manage my properties?

Kerri: Well, if you hire a property management company, you are basically getting rid of all of your headaches. That is what you are hiring the PM for – to handle all of those headaches. To handle the emergency call at 2:00 in the morning, to handle collecting the rent when it is late, processing an eviction if it gets to that situation, negotiating rent abatement when there was a repair that inconvenienced the tenant beyond normal turn around time. It goes on and on for all the reasons. Also, when you go through a PM, the exposure you have for your property is huge! We market your property on several websites, through professional signage and flyers. Our exposure is tremendous. There is no way you can get the exposure we can offer trying to do it on your own. We will help turn that property for you in record time. We will also make sure that you are renting your property to a credible tenant instead of just hoping that you get lucky and find the right one. You also will be gaining our extensive expertise from years of

experience handling repair calls, leasing issues, evictions and so on. Especially when it comes to evictions. A lot of individual owners do not like to go to court for an eviction and end up losing a lot of money because they didn't follow the proper procedures like we do. Overall, we rent your properties faster and you don't have the headaches.

Steve: I find that property owners/landlords are looking for 3 benefits:

- Competence and/or Emotional Separation
- Efficiency
- Scalability

Competence and/or Emotional Separation: This is where someone is looking for that level of expertise that they just don't have to being a first time investor and what we call an "Accidental Landlord" where they find themselves with a property that they need to rent but have no idea how to even get started marketing the property much less creating a lease, collecting rent and handling repairs – especially if they live out of town. We are up to date on real estate laws, codes and regulations and what is required to meet Minimum Housing and Fair Housing Standards. You also have the situation where you have the "Big Hearted Landlord". You are not sure if you are going to be able to handle applying the late rent fee if the person is late or worse starting the eviction process. This can be very costly for a landlord. When you hire a PM, that Emotional Separation, is set in place and you do not have to decide between what you know is the right thing to do and what your heart wants to do. Now this does not mean we are heartless by any means. If we have a tenant that is upfront with us that they have fallen on hard times do to something out of their control like a car accident which causes them to be out of work, we will work with them within reason to get the rent paid up. But we will do this with systematic procedures and will follow through until they are back on track. If they are unable to get back on track, we will discuss this with the landlord and make the decision that is best for the landlord moving forward. Overall, whenever you try to manage something on your own where you are not the expert, you end up costing yourself more money in the long run.

Efficiency: If you are looking to improve upon the return on your investment from your property, a property management company can help you gain that efficiency. With our experience, we have established procedures in place that help run the business investment smoothly and with less costs – tenant screening, processing rental payments quickly and dispersing of monies to landlord and handling the repairs professionally and efficiently.

Scalability: I touched on this when talking about being a part-time investor myself and looking for a property management company to manage my investments. I needed someone to help with my "scalability" – that is my time investment versus my money investment. My time is money! Is my time worth investing in something that I am not an expert at performing or should I turn that time over to a PM that has the expertise and vested interest to handle my property for my best return on my investment? That is a big decision! I do not take that lightly with my landlords that I represent. I make sure that your time is worth your money! That is what "scalability" represents.

With that said, I tell every landlord/investor to align yourself with a property manager that shares your same goals, beliefs and morals. Otherwise, you will ultimately find yourself at odds with your PM and needing to look for a new partner in your real estate investment. And that time is your money!

Dennis: Now, it is going to be pretty hard to follow up after Steve other than saying “Ditto”! (Laughter from the crowd.) But in all seriousness, there are 2 very important items to think about when deciding whether to hire and Property Manger or not – 1.) Can I remove myself emotionally from the situation if someone is late on their rent and 2.) Can I handle those emergency calls in the middle of the night, do I even know the right people to call? As your Property Manager, we remove the emotional burden and follow procedures for late rent, collections and evictions. We have vetted contractors that we rely on to do the work and do it in a timely manner so your tenant and property are taken care of.

A question I asked of a prospective client is “Can you afford not to have a Property Management company manage your properties?” Last year I had a new client come in that owns 7 properties. When he came to me, he only had 1 of the 7 properties rented due to lack of money to make repairs. We worked with the investors to get the properties up to par and now all his properties are rented and he is turning a profit again. That is what a Property Management company should be doing for you! We are here to help you sit back and enjoy your real estate investment instead of worrying about it. Also, at the end of the year, we will send you a statement that covers all of your repairs, deposits and rental disbursement so you have one convenient statement to help you prepare – or your CPA – to prepare your taxes. If that is not a reason to hire a Property Management company, I don’t know what else to say. (Laughter again from the crowd.)

(Jennifer chimed in from the back to remind Dennis that he has sample Owner Statements on the table for everyone to review after the meeting.)

Mike: OK that was a lot of really good information everyone! Now for our final question. This is a topic that none of really like to discuss but must at times.

Final Question: What are your procedures and policies for handling late rent payments and evictions, if it goes that far?

Kerri: Our policy is rent is late if not paid in full by the end of the business day on the 6th of the month. At that time, a written notice is sent out to the tenant requesting payment in full by the 10th plus the \$15 or 5% late fee, whichever is lower. Now if the rent is not paid in full by the 11th, we can 1.) Start the paperwork for filing with the courts – and sometimes this is the only way to get the tenant to pay, sadly or 2.) we set up a payment program if that is the property owner’s wishes. Each situation can vary dependent on the property owner’s direction. Some owners have a zero-tolerance policy. If so we start the eviction process immediately and remove the tenant from the property, following the guidelines to a tee so we are awarded Possession by the magistrate. With other owners, they prefer that we work with the tenant as much as possible before filing. We work under the direction of the property owner and their wishes on how to handle the situation.

Steve: As Kerri said, our policy is the same, rent is due on the 1st and is late if not paid in full by the 6th. Where we differ from other Property Management companies, however, when it comes to how long a tenant has to pay the remaining rent and late fee. After years of dealing with late payments, we have come up with a Tenant Advocacy program where we focus on proactive communication, empathetic listening of the situation however as stated before following systematic procedures to ensure payments are received when promised. One thing that I can proudly state, is that our eviction rate is very low. We invest carefully in our screening process to ensure we have the best tenants in your properties from the get go. Like Kerri stated, we will handle each situation with direction from the property owner but not just because that is what the property owner wants. If their decision is a bad investment decision, we will bring this to their attention. That is why you hire a Property Management company – to help you make the right decisions!

Dennis: As the same as Kerri and Steve said rent is due on the first and is late if not paid in full by the 6th. We do require a separate form to be signed at the lease signing that clearly states 1.) Rent is due on the 1st, 2.) Late on the 6th with a late fee being applied on the 7th and 3.) Filing papers with the court and going to court on the 16th or the next business day closest to the 16th if not paid in full by the 11th. Our general rule to have a zero-tolerance policy. You can always stop the process after you start it but you can start it after the filing dates have passed. We prefer to have the ball rolling in the current month that the rent is due. Otherwise, you can end up in a situation where 2 months of rent are missed before you are able to evict a tenant and replace them. So we tend to be a bit more aggressive but in the end, we have less collections to try to collect and less turnover.

Mike: Ok. Thank you panel. That concludes our formal questions, now we will open up the floor to questions directly from our members. Being sensitive to our time restraint, I will just have 1 panelist answer the question, following the order we have been following all evening.

Member: Who determines the rental rate for each property?

Kerri: We always have the property owner involved in this decision, but we make recommendations based on the going rate for the area, age of the home and condition of the home.

Member: I believe this was touched on earlier, but are there standard inspections that are done on the properties?

Steve: Yes, we do a move-in and move-out inspection as well as bi-annual inspections in the Spring and Summer. We can do quarterly inspections but that does come at an additional fee. We recommend Spring and Fall inspections so your most costly expenses can hopefully be thwarted – HVAC issues – before the heavy use seasons, Summer and Winter. We walk through with the tenants and make sure batteries are being replaced in the smoke detectors, filters are being changed in a timely manner and general cleanliness issues as well – scrubbing the tubs and showers to avoid build up of soap scum, etc.

Member: Do accept properties that are not “rent ready”? I guess what you would call those “Accidental Landlord” properties?

Dennis: The answer is “yes and no”. If they property owner is willing to put the time and effort into getting the property ready, “yes” but if they want us to try and manage and rent a property that is not up to Minimum Housing and Fair Housing Standards, “no” as we are just asking for trouble.

Member: Do you accept “Guarantors” or “ Co-Signers” for applicants that do not qualify for the rent?

Steve: This is a tricky one. We have worked with corporations that will act as the guarantor for an employee’s rent or parents of a college student, for instance, who is applying for property. In each situation, the Financially Responsible partner will go through the same screening process as all other applicants. It is sad to say, but even well meaning parents may not have the means to support a rental payment for their child. We handle these situations case by case and may not be able to approve the Guarantor or Co-Signer.

Member: I am curious how all 3 of the panelist handling marketing?

Dennis: We post all properties on our website and have an SEO company that keeps our website fresh and coming up first on search engines. We also use Zillow, MLS and other sites like that to market our properties.

Kerri: Our website is one of our strongest marketing tools. In fact, we are just finishing an upgrade to our website to keep our content fresh and ranked in the search engine. When we post a property through our website it is also posted on several other sites like Zillow, HotPads, Realtor.com, and more. We also post manually on Craigslist, even though I am not a fan of Craigslist, several of our property owners want their properties listed there. We also advertise with our professional yard signs and our property listings which we have in boxes outside of our office for prospective tenants to pick up if we are closed and they do not have access to our website. There are people out there that still look for properties the old fashioned way – on paper. We also advertise in publications like the O’Henry and sponsor local charities that purposely keeps our name out there and draws people to us.

Steve: Our website is a major marketing tool where we can promote your property on 50 different websites and even pay for Premium Leads to move your property to the front page of a website. But when someone is looking for a specific area to live in, I actually direct people to Zillow or Realtor.com,, Going to those big search engines can really help the prospective tenant find the right property for them in the right area. Of course, that does not always guarantee they will rent through our company but 8 times out of 10, they look for a property we manage because we put their rental needs and wishes first instead of trying to do the “round hole, square peg” scenario. (Laughter from the crowd and a couple of approving claps.) We also use yard signage and even use additional directional “For Rent” signs for properties that may be off of the main drag to direct prospective tenants toward the properties, especially on the weekend when most people are searching for available properties.

Member: How do you coordinate with the tenant and vendor when there is a repair request so you don’t end up paying for after hours repair calls? With most people working, this seems like a really difficult coordination task.

Steve: Yes, this is but that is why you hire a Property Management company! We have keys to all the properties we manage and coordinate times when the contractors can enter the property during the day when the tenant is not home – either by the contractor picking up a key from our office or by placing a lock box on the property so several different contractors can have access when needed. All this is clearly communicated with the tenant so they know when someone is entering their property when they are not home. In a situation where there is a pet, we are very careful to make sure all parties are aware of the pet and where the pet will be stored. With some of our vendors, they actually prefer to come after hours if there is a pet, so there is no chance of the pet getting out or possibly hurting a worker. A scared dog is not usually a happy dog!

Member: Do you all or any of you have one time marketing fee for a property I own so I don't have to sign a contract? I just want to get the place rented and be done with it.

Dennis: We, we have a one time fee of \$600. This covers all the marketing, screening, lease signing, security deposit and first month rent payments and making of the keys.

Kerri: Yes, good question. Several of you all in this room are super experienced landlords and have the skills to manage your properties on your own. We actually have 2 programs, the Full Management program where we handle everything for you and then we have our Marketing program where we do as Dennis said, we market it, screen applications, process payments, leases and keys and then turn the property back over to you after the quality tenant moves in for the price of the first months rent.

Steve: No, at this time, we do not have a “one time marketing” program. We are all about building relationships with the people involved – the property owner and the tenants. We are in it for the long haul.

Member: If a tenant is evicted and there is a balance on the account, do you attempt to collect the monies on your own or is it automatically turned over to a collection agency?

Kerri: We attempt to collect the remaining balance up to 60 days, after that we turn it over to a collection agency. I will be very honest that once it is turned over to a collection agency, chances that you will see your money is very slim but I have seen it happen.

Member: How do you handle when you have several applicants apply for the same property and they all are good applicants?

Dennis: We state it very clearly on our website that it is a “first come/first serve” basis. We do also state that if you apply and have good credit but someone applies after you with a stronger application, we will refund the application fee so no one loses money.

Steve: Really quickly, we take a rental deposit that puts that applicant at the front of the line. They still must qualify first but this can help to guarantee they have first dibs.

Closing:

Mike: Thank you everyone for your time everyone's questions. I need to adjourn this meeting or we are going to be here until midnight. Our panelist will be here for a while to answer more of your questions directly.

Remember everyone about the Coffee Chat at Amoroso's Bakery on Tuesday the 21st at 4:15 where we can continue this discussion as well.

Adjournment: "Thank you all for coming and see you next month for the meeting with Steve Doyle the Lawyer to clarify the difference between Service and Emotional Support Animals"!

Meeting was adjourned at 7:30 by President, Mike Walker.

Minutes submitted by: Jennifer Dille with TESS, LLC Approved by: Andrea Neese, Secretary