



FREQUENTLY ASKED QUESTIONS

Q. Is property management a growing market?

A. YES! Explosive growth is expected over the next decade!

Q. What makes property management an attractive, if not, an essential part of securing real estate wealth?

A. Investors know time is money, if they are growing a real estate portfolio, they generally don't have time to take on the many daunting tasks involved in keeping their asset(s) stable. Employing a Property Management company provides owners a way to take a 'hands off' approach that allows them to focus on the most important thing – the bottom line and future acquisitions. It also shifts some of their risk by adding an extra layer of protection between the owner and the tenants. Management companies do far more than collect rent and the fruits of their efforts are seen on the owner's monthly statements and annual distributions. When assets are managed well, this provides an equitable position for the owner over time in which they can borrow against, leverage, or exchange up for more income.

Q. Is property management recession proof?

A. YES! Regardless of the market, price fluctuations, and economic changes, rent is collected every month, in every city, across the nation. Once a portfolio is established, the amount of management fees predictably goes up, year-after-year and unlike many other businesses, the more you manage, the more you get to manage. In fact, your business may grow to a level where discernment will be key, and you may even choose to turn down some owners and properties that don't meet your standards.

Q. Does the industry favor landlords and unjustly take money from tenants for profit?

A. When done correctly, the answer is, NO! Property management companies are held to strict national and state laws that require civil codes to be followed – it is possible to be a fair, ‘mediator’ and ‘advocate’ for the owner at the same time if the laws are simply adhered to. The landlords provide a service to the tenants by upkeeping the property, handling maintenance repairs, and capital improvement projects, and generally offer a pleasant place to call ‘home’ in exchange for ‘fair market rent’ which is determined by supply and demand in the geographical area the property is located. Although some states claim to be more tenant, or landlord friendly, all states must adhere to the landlord-tenant laws.

Q. Will I have to manage every type of property? Or can I specialize?

A. You can absolutely specialize, and you probably should. Some people favor the small stuff, single family homes, condos and individual owners with one rental asset while others prefer to take only multi-family buildings exceeding one hundred units or more and some take everything in between, the up-and-coming investors which is a sweet spot that is currently growing in the industry. Those duplex and fourplex owners may one day exchange up to a sixteen unit or more building which in some states will require an onsite manager. In addition to that, some may want to focus on commercial or retail space only and deal with businesses who sign five or more-year leases while others may choose to specialize in vacation rentals.

Q. What licenses will I need to legally operate?

A. Generally speaking in most states you will need to obtain a real estate broker’s license, although a few states will allow you to operate under a property management license. In addition to a broker’s license or a property management license, you’ll need a business license, and although optional, it is highly recommended to acquire a certification from one of the accredited associations such as California Apartment Association, CAA, or National Association of Residential Property Managers, NARPM. You will also need to file your entity with your state’s department of real estate to legally operate and collect management fees from clients.

Q. Can I manage property as a real estate salesperson or an associate broker?

A. Yes, however you will need to have your license hung under a designated broker who has filed all appropriate licenses with the department of real estate to operate and who allows property management activity under their license.

Q. Can I manage under more than one company?

A. It depends on the state where you are located. In California, you may only perform property management activities under one broker at a time. Be sure to check your individual state's requirements before working with more than one management company.

Q. Will I need MLS access?

A. It depends. Some management companies do not subscribe to their local MLS and rely solely on advertising platforms such as Zillow, Apartments.com, or Craigslist. In most cases this is a personal choice of the business owner although if the business owner already subscribes to MLS, they may wish to keep it. Be sure to check with your local MLS on rules for advertising rentals prior to listing a rental.

Q. How much are property management fees?

A. This can vary by market, property and services offered. They run anywhere from four percent to ten percent of the collected monthly gross rent on average.

Q. How are tenant deposits handled?

A. With extreme care and caution. Owners of fee managed companies, otherwise referred to as third-party property management companies, are required to keep tenant deposits separate from rent deposits and operating expenses in an owner's trust account. In other words, there is to be no co-mingling of tenant deposits with other money under any circumstance as you, the property manager, are considered a trustee of the client's trust account and owe the client a fiduciary duty. Deposit money doesn't belong to the owner/client, it belongs to the tenant and is held as collateral until move out at which time you will be required to provide the tenant with a disposition of their security deposit and a statement of damages if applicable along with invoices for work obtained. You must know your state laws for timelines and appropriate depreciation of wear and tear items such as flooring and paint.

Q. Do I have to hire an accountant?

A. Although it is wise to do so, you may be able to handle the accounting on your own in the initial phases of your business through accounting software designed specifically for the industry. You may also choose to do minimal accounting or outsource the accounting by hiring a freelance accountant for a certain number of hours per week or month.

Q. If I have industry knowledge, why do I need to pay for your Blue Key Advantage Real Estate Management Company's Quick Start Property Management Program?

A. You don't need to but if it was the difference in making \$50,000 a year or \$500,000 a year, wouldn't you be wise to do so and not make costly mistakes? Almost all successful businesses and athletes utilize coaches, mentors, or follow a set business model as in a licensing program of some kind. A proven business model can help you identify areas of weakness and strength and often provides suggestions and solutions for overcoming the gaps. No one is good at everything. By investing in and becoming a **Blue Key Property Management Affiliate**, you will reduce your chance for error, avoid costly mistakes, receive 40 hours of personal consulting time; and receive continuing tips and education from Amanda Kay.

Q. What will my startup costs be?

A. Start up costs can vary from state-to-state. However, a rough estimate is **\$5,000-10,000 plus the Blue Key Advantage ONE TIME LICENSING FEE OF \$25K.** There are many things to consider when looking at startup costs such as office space, equipment, signage, marketing materials, accounting software, and advertising. The great news is that once those management fees start to come in, you can adjust your budget as you see fit.

Q. How will I get clients?

A. There are many ways to obtain business, and it varies greatly depending on your physical location. A good start is to build a database of property owners and send an introductory postcard or flyer, join your local chamber of commerce and networking groups and create relationships with future vendors for referral opportunities. You can also do online advertising, Facebook ads, direct mail marketing, print ad marketing, etc. When you license under the **Blue Key Advantage Property Management Quick Start Program** and become a **Blue Key Property Management Affiliate**, you will obtain additional options for gaining business, 'ramping up' quickly, and launching your property management company, as well as receive our Quick Start Guide for both real estate veterans and those newer in the business, as a valuable source of tips and information.

Q. How much money can I make owning a property management company?

A. The sky is the limit! I have known property managers with fewer than ten properties who manage property as a supplement to their sales business or because they are semi-retired and property managers who have expanded into other markets who have an excess of 17,000 units or doors to manage. Most small to mid-size, local property management companies targeting 16–100-unit properties manage on average

500-2,500 units or doors. Although the management fees and rent will vary by market, if you manage 1,000 doors renting on average for \$2,000/month, your gross management fees monthly would be \$100,000 per month! Now back out your operating expenses, employee salaries for internal staff, taxes, etc. and you'll still net around \$50,000 per month. Determine your monthly business owner draw, and either put the rest back in the business if you are scaling up or place in the business account for a quarterly or year-end draw.

Q. Do I need to give a percentage of my income to Blue Key Advantage?

A. As a Licensee, you will **NEVER** be required to pay "Royalties" to **Blue Key Advantage** Licensor. You can SAVE \$200K - \$500K + by LICENSING from **Blue Key Advantage** rather than franchising (where one often pays 6-7 % Royalties AND monthly advertising fees to the Franchisor) OR using EXPENSIVE Consultants in the property management industry (often charging \$37K + for a Consulting "package"). Our **QUICK START GUIDE**, and our **The Blue Key Advantage Jump Start step-by-step manual** that will get you into the property management business quickly –often within 3 months.

Blue Key Advantage's Property Management's corporate Web Site –There is a small annual affiliate renewal fee; \$1,200/yearly (\$100/monthly) each year upon renewal. This includes the continued use of **Blue Key Advantage** Trademarks, Service Marks, all other Intellectual Property and Trade Secrets as well as having your company contact information on **The Blue Key Advantage** Corporate Website. Referrals come to you just for being on the **Blue Key Advantage Corporate Website**.

Q. How much time will I need to invest per week?

A. You can start part-time as a supplement to your existing income and build slowly or you can choose to manage property full-time and replace your income. There are no set rules about how many hours you will work in the industry, however, should you decide to scale your company up, office hours are generally held Monday through Friday from 8 am to 5 pm. You may utilize staff to run your operations during these hours or an answering service to patch messages to you during business hours.

Q. What would be the benefit of owning my own Blue Key Advantage property management company?

A. The gratification derived from owning your own independent business is your **BEST REWARD**. It's yours to keep and yours to enjoy! You can set your **OWN SCHEDULE**, make the money **YOU** want to make, and you will be recognized in your community by providing jobs to employees, should you wish to have any. And you will choose your own industry partners, vendors and local businesses relationships. You will enjoy the essence of your entrepreneurial spirit, unimaginable in any real estate franchise. You will answer to one boss... Yourself! Ahh, the

bonus! There are great tax benefits when you own your own business. In addition, you have the other benefits listed here when you become a **Blue Key Advantage Affiliate**.

Q. Will I receive any help in setting up my Blue Key Advantage Property Management business?

A. Yes! In addition to the **40 Hours of FREE Consulting time with Amanda Kay** you will receive our **Blue Key Property Management Advantage step-by-step manual that will get you into the property management business within three months**. What we WON'T do is charge you thousands of dollars EXTRA as some Consulting companies in the Property Management area do. You will receive an EXACT ROADMAP of what we did at a fraction of the price of any Franchise or Consultant. For those who wish for additional help or have more questions you can, of course, schedule additional Consulting hours at any time with us.

Q. How does being a Blue Key Advantage Affiliate Licensee differ from being a franchise owner?

A. You won't pay "Royalties" of 6-7% monthly and monthly advertising fees of 2-3%. Research shows that 2/3 of all Franchisees break even or lose money, and about 1/3 of franchisees sue their Franchisor. As a **Blue Key Advantage Affiliate**, you are in complete control of creating everything from choosing your own name to setting your own retail price. While a franchisee can average \$75K-\$100K, in the U.S., **Blue Key Advantage Affiliates** can gross a potential 6+ figure income in their first year even part time. Franchisors also often require a franchisee to have an average net worth of \$200-\$400K to buy a Franchise as well as working capital in addition to the monthly royalties and advertising fees. With property management franchises, franchisees also have a franchise average fee of \$58K!

Q. How big will my area be and will I be protected?

A. Your area will be a neighborhood, city, or town that you choose when you license your **Blue Key Advantage Property Management Company** and will be on a case-by-case basis. Typically, licensed areas are 25 miles + apart from the other **Blue Key Advantage Property Management Companies**. We cannot prevent other property management companies from moving close to your location, and we cannot assign you a "territory" as Franchises do legally, or we would be declared a "Franchise" and our Licensees declared a "Franchisee", which would bring us and them under heavy FTC government rules and regulations which LICENSING does not have. Ethically we will not license another **Blue Key Affiliate** within twenty-five miles of your area. You will have the advantage though with a 25-mile + radius and a jumpstart into the market. As well as the opportunity to purchase a second license for a different area.

Q. How long will it take to get started?

A. Once you have finalized the **Blue Key Advantage** Licensing Agreement, typically you can open within 3 months. However, there are many variables depending on your local jurisdiction, due to the particular permit process in your city or county when opening up a business and whether or not, as a real estate professional you need to obtain a broker's license or property management license.

Q. Can I skip any steps and move directly to the Licensing Agreement?

A. The Non-Disclosure must be signed, but you may move directly to the **Blue Key Advantage's** Licensing Agreement. You will still put down a non-refundable deposit before you sign the Licensing Agreement (which could take a few weeks to complete, for you and your advisors to look at) to reserve your area while we finalize all the details.

Q. What happens after I become a Blue Key Advantage Affiliate?

A. As soon as you have signed the Licensing Agreement, you may immediately begin work on your signage and marketing material. You will also receive our user-friendly, **Blue Key Property Management Company's "Jump Start Guide"**. This guides you through all the steps we took to create **Blue Key Advantage Property Management**. It is an roadmap of how to get started with your own **Blue Key Advantage Property Management**. Every aspect of **Blue Key's Advantage Program** is taken from what we ourselves did to set up our **Blue Key Advantage Property Management Company**. In addition, our **Quick Start Guide** will provide you with information for suggested advertising/marketing, equipment, and software choices/costs, and our vendor contacts that you could add to your own Property Management company. Your success is our success and our goal!

Q. Okay, I want to get started right now. How can I go to next level?

A. Contact Amanda Kay through the **Blue Key Advantage** website www.bluekeyadvantage.com, email: bluekeyadvantage@gmail.com, or via text at phone number 805-636-4368 (11 am-6 pm, PST Monday -Thursday) and let us know you're ready to proceed. We will then have you sign a Non-Disclosure Agreement. Once this is done, we will schedule a time to talk with you. After this talk, we can move to the next step in becoming a **Blue Key Advantage Affiliate – Intent to License**. At this point we will stop talking with other potential Licensees for your chosen area. Next, within 3 to 4 weeks we will complete the Licensing Agreement. With the correct permits and licenses, you could be ready to open anytime from 6-12 weeks, depending on your particular goals and circumstances.

We'd love to have you become a **Blue Key Advantage Affiliate** and welcome you to become part of our family! As a **Blue Key Advantage Affiliate** you will create a financial safety net, no matter what the economy does.

