



The Woods Group Property Management Launches Monthly Newsletter

Mike Vischer

The Woods Group Property Management

July 1, 2007

Scottsdale, AZ- The Woods Group Property Management, officed in Scottsdale, AZ, has launched its monthly residential property management newsletter for real estate professionals. The newsletter will contain valuable and informative information about the property management and rental industry, with both local and national industry news and trends.

The Woods Group Property Management provides full service residential property management for all of Maricopa County and Queen Creek with state-of-the-art technology and owner applications. Take a look at the web links on the upper left of each newsletter for fast access to services provided.

We hope you'll find this newsletter helpful in providing your clients and colleagues with useful information regarding residential property management and the current rental market!

Slow Sale Market Opportunity For Owners, Renters

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Had that listing for 120+ days now? Is the owner beyond blaming you for the stagnant market and your incompetence in how to market the property so it sells? Sound familiar? The "correcting" sales market now can be as frustrating to agents as it is to owners, even more so since it's your livelihood. Any agent needs to consider informing

your owner of leasing the property until we get closer to that healthy sale absorption rate. Obviously, not all owners are in a position to hold onto the property and some owners don't want to think of themselves as an "investor" and the risk associated with having a rental property, but it's something that can save the day in many ways for you and your client.

Perfect candidates to rent out their home are the owners who have some equity, didn't finance 105% of the home on an ARM, and can actually come close to breaking even, or even making a few dollars every month on rent vs. their mortgage payment. "True investors" work creative financing and can afford to pay the difference in rent vs. mortgage, but most "true investors" aren't trying to sell right now. Mention a lease option as well, the best of both worlds. Set up the sale for 2 years from now. The owner receives a down payment and a higher rent in most cases. If the tenant fails to perform they can cut them loose and keep the change. Of course, there are horror stories of rentals gone bad, but they are truly few and far between if you do your homework with a good property manager and conduct proper background checks. Contact us for more information on the benefits of helping your client through their rental home experience.

-Mike Vischer is the Operations Manager for The Woods Group Property Management and can be reached at Mike@thewoodsgroup-pm.com

Maintenance Tip of the Month: Fixing Cracks and Gashes in Drywall

You can repair stress cracks or minor gashes in drywall easily, using only joint compound and mesh tape. With most cracks, there is no need to cut out and patch sections of drywall; you don't have to provide backing if the cut does not go all the way through the panel. Simply treat it as though it were a drywall joint that you were finishing from scratch. Apply tape over the damaged area, and apply the customary three coats of joint compound, sanding the final coat as necessary.

Worth the Risk of Managing Your Own Rentals? You Decide.

Excerpts taken from "Property Managers Akin to Stock Brokers"
by Broderick Perkins
Realty Times, June 18th 2007

Julie Ziemelis, a Silicon Valley real estate industry public relations and marketing expert, along with her husband Eric, a furniture designer, managed rental properties in Los Gatos and Sunnyvale – until they decided on a job-related stint in Hawaii. The hope now is that they can concentrate on the venture and leave the property managing to the professionals.

John M. Jenello, a San Jose, California, CPA, is a nice guy who too often fell for the personal stories of doe-eyed prospective tenants seeking to rent his single-family home rental property. He also can't find the time to keep up with current market rents to better set his rents and when a tenant became a problem he really lost control, "The

bottom line is that for the fee they charge, a good property manager allows you to not worry at all about your rental properties," said Jenello.

Doing it yourself to save the 6 percent to 10 percent (of the rent) property management commission for conventional long-term rental properties or the even greater 30 percent to 50 percent or more property management fees on resort and vacation area rentals (which rent more like motels or hotels), can end up costing you more than you save if you don't know what you are doing. There's a lot to learn from existing do-it-yourself property managers who most often turn and run for help when they get what they think is a good tenant who goes bad.

"It's usually to the point they need to get the tenant out and don't know how to get them out and just out of sheer frustration they hire a property manager," said Sandy Adams, Associates Property Management, in San Jose. Adams says tenants prey upon property owners who aren't trade professionals because they know most of them don't have access to all the background checking services -- credit and rental history and notices of eviction, etc. -- professional managers do. "Yes, of course, someone could manage their own property. First, they should be a member of an apartment or rental association, like Tri-County Apartment Association (in San Jose). Not only will this give them the resources they need for vendors and forms, but also for education and market information. Second, they should live in close proximity to the property," said Adams.

In addition to thoroughly screening tenants, property managers have at their beck and call vendors and working relationships with other professionals to help them quickly perform a host of maintenance, repair and upkeep chores.

"You can also use the analogy of stock investing. Many investors use a full service broker because the experts are better at managing the investments than are the investors. And in the long run, the investor makes more money even though they have to pay the fees," said Terry Feinberg, vice president of the Arizona Multihousing Association in Phoenix, a popular second home market, especially for California's second home buyers.

Such a professional comes in handy when liability issues arise. The rental industry is heavily regulated by local, state and federal law, including lead-based paint and asbestos disclosures, eviction and pay-or-quit laws, security deposits and fair housing rules. The laws give both tenants and landlords rights, but with those rights come responsibilities. Responsibilities ignored are lawsuits waiting to be filed. "The average investor isn't going to know all the laws they must comply with. Failure to comply can be very expensive, even when found innocent, due to the expense of legal discovery and defense. A fair housing investigation can easily cost \$25,000 and that's just for defense, let alone if somebody is found guilty and has to pay penalties. Some fair housing violations come from little nuances," said Feinberg.

"We recently had a member settle for \$5,000 plus their own attorney costs because a manager told an accessible housing tester that they could replace the exterior

door to an apartment at their expense, but they might have to return it to its original condition when they moved. There is a little known exclusion in the Fair Housing Act to the "return it to its original condition" provision. It does not apply to entry doors," Feinberg explained. The Ziemelises don't want to find out the hard way that distance between the property owner's home and the investment property often dictates putting a professional property manager in place.

"Physically, if you live here and buy a property in Arizona, it's almost impossible to manage it from long distance. How do you show it when it's vacant if you have a job? Especially if it's a vacation rental. Property managers in the area would cost a lot less to handle repairs, maintenance, showing the property than your cost in travel," said Louis Melo, president and broker of Atlantis Properties in Los Gatos, CA. Even self-taught Florida real estate investor Christine Hrib Karpinski, author of "How to Rent Vacation Properties by Owner: The Complete Guide to Buy, Manage, Furnish, Rent, Maintain and Advertise Your Vacation Rental Investment" (Kinney Pollack Press, \$26), who is an avowed "rent-by-owner advocate" says she can "appreciate circumstances and references that make working with a property management company the best choice for you," in her latest book "Profit From Your Vacation Home Dream" (Dearborn, \$19.95).



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