

Too Much Maintenance Will Put You Out of Business

by *Cliff Hockley, President*

Julie just purchased a 40 unit apartment property, built in 1980 in southern Texas, a town's name that will be kept secret for now... to protect the innocent.

It get's so hot in this part of Texas that all units have air conditioning and of course brick clad exterior to keep it cool inside. The property features all electric utilities, cable TV, one large laundry room and a swimming pool.

Julie Had Some Problems

First of all she was so concerned about vacancies that she did not screen her tenants very well. Her tenants included legal and illegal tenants. Many of her tenants were farm workers, worked at the local packing plant, or at one of the stores in town. Many of the couples in the property both worked. These tenants moved in for six months and then left. They took no personal interest in the units and let the units become filthy, because they did not own a vacuum cleaner. Yes, trash was taken out, but due to the filth, the carpets lasted two years instead of five or seven. The tenants loved fatty food and poured the grease down the drains. Her bills for roto-rootering were enormous. As a matter of fact, she had her onsite manager buy a 100 foot snake to save service calls from the plumbers. Then, of course you guessed it, he did not know how to use the tool and punctured holes into the plumbing and destroyed the main sewer line, adding up to another \$10,000 in bills. The rooter was thrown out.

The next problem was air conditioners breaking down all of the time. She had a contract with the local HVAC company. It sometimes seemed that she was their only customer. Then the pool inspector came out. He noted that the chlorinator was broken and needed to be re-plastered. He shut down the pool.

Julie decided to fill the pool in with sand and rocks and wood shavings and then put a playground on top.

In the meantime, the winter came and in the first rain storm created roof leaks which led to dampness and moldy conditions. The drains in the parking lot had not been cleaned and backed up, creating large ponds. Tenants complained they could not get to their cars to go shopping or go to work. Then tenants started moving out because they were tired of getting wet and having their property ruined.

In the units, the bathroom floors were suffering from dry-rot because the tenants did not install shower curtains in the bathrooms, as they were asked to do. At the same time all of the winter dampness was creating a situation that allowed the dry-rot to flourish on the decks.

Julie was at her wits end, fifteen of her units were now uninhabitable, she did not have the cash to make the repairs and the bank was about to call in her loan.

This could have been prevented if she inspected the property and the units on a regular

basis, developed a preventative maintenance program, trained her onsite manager in maintenance skills and completed a thorough inspection of the property before she bought it.

Maintenance Work Completed by Experienced Professionals

Maintenance is one of those items that many property owners think they can do by themselves. On the other hand, if maintenance is not done correctly the first time then it will create more problems in the future including redoing the work more than once. Cutting corners does not pay.

If Julie could start over she would have inspected the property before she bought it. Developed a preventative maintenance plan (as a result of the information she obtained from her inspection). She would have screened the tenants better, and trained the onsite manager better. She may have even hired a Property Management company. In any case, she would have inspected the units on at least an annual basis and most likely installed shower curtains or shower doors.

Clearly, she mismanaged the property. This could happen to you, take the steps to protect your investment. Otherwise, you could lose everything.

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