

## Six Rules for Survival for Small Owners

By Larry Duncan, CPM

As an owner of small properties and a fee manager of other small property owners, I have become aware of the special hazards that can devour a small owner. When property management is not your full-time occupation, it can be very difficult to keep up with all the details that can affect your property. I am going to share six simple but powerful rules. Six areas that, given a little extra attention, can make a cost-effective difference in your operation. Without that attention, they can cost you everything.

### NUMBER 1: BE ACCESSIBLE

A friend in Dallas owns several small apartment complexes in Dallas and Fort Worth. On his wife's last birthday, he made special plans for a night on the town—a surprise party at a downtown hotel with old friends, a room for the night and a champagne brunch in the morning. Everything was perfect—well, almost everything.

They left home at 7:30 that evening. At 7:48 a fire broke out in a vacant unit at a 20-unit property in Fort Worth. The on-site manager called the fire department. She then called the owner, only to talk to his answering machine. The damage was not great, but required cutting off the electricity to the entire complex. By the time the owner got the news and arrived, about 1:30 the next afternoon, a fire marshal and a city inspector were walking every unit. And that is when the trouble began.

All of this could have been avoided if he had used an answering service, at a cost of about \$60 per month, plus a pager for about another \$15. I don't know anyone who likes to carry a beeper, but stuff happens. The equipment definitely would have paid for itself all in that one night.

### NUMBER 2: MAKE REPAIRS PROMPTLY

A resident in a duplex called in to report a 'small leak coming from the shower head'. I was going to show the unit next door that coming Saturday, so I put off the service call until after I had shown the vacant unit.

I opened the door to find 1,267 square feet of water an inch deep. The small leak in one shower was a major leak next door. I cost myself six weeks of rent and more in repair than I'd like to think about, to save a 10-minute trip across town.

### NUMBER 3: PREVENTATIVE MAINTENANCE PAYS

Each spring and fall, we make a preventative maintenance call on each unit in our inventory.

Among other things, we check the operation of all appliances, we clean the inside and outside coils of the HVAC unit and comb the fins, if needed. We also check tightness of all lugs in the breaker box. We know that this service has saved us at least three compressors and an untold number of service calls, and in the case of the breaker lugs, it prevented a fire.

### NUMBER 4: LISTEN TO YOUR RESIDENTS

Sometimes residents will try to tell you something without telling you. About a year ago, I was walking a small complex with my painter.

As we looked at units, several residents told me about one of the new residents, having many friends, and that people came to visit him at all hours of the day and night, and that parking was a hassle. They asked me to check into the problem, and I told them I would and went on with the painter.

When we got to the next unit, the painter asked me what I was going to do about my drug dealer! "My what?" I said. He then told me, "those folks are talking, but you ain't hearing".

No one wanted to come out and report the dealer, but they wanted me to know about what was going on in the complex.

#### NUMBER 5: BE AWARE OF LOCAL LAWS

More than ever before, the owners of small properties have got to keep tabs on what local and state governments are doing.

Cities and states are passing ordinances and laws that directly impact rental housing. They are not going to hold your hand and show you what they are going to do. Unless you are aware, you will not have a say in what happens. Don't find out after the fact.

#### NUMBER 6: UNDERSTAND YOUR INSURANCE

In all probability, your attorney can't read and understand his or her insurance policy. What makes you think you can understand yours?

Are you aware that most policies on rental property require that you have on file the general liability and worker's compensation certificates of all persons who work or perform services at your property?

The painter, the plumber, the kid who mows the yards - everyone. If the lawn mower hits a rock and throws it into the face of a small child, and that lawn person has no insurance - tag, you're it!

It could get worse. Your carrier could default because you did not meet the terms of the policy. Ask your agent lots of "what if" questions.

Many owners will tell me that using only insured vendors runs up the price, and they just can't justify the added cost. I tell them, "it's just like going to Las Vegas - don't bet more than you can afford to lose. You can win a little at a time, but if you lose big once, it's all over."

*Written by Larry Duncan, CPM as printed in Columbia Basin Apartment Association Magazine.*