

30 years in 30 minutes

---

# Crash Course in Property Management

# Phil Trietsch, Broker/Co-Owner

- 1987 Started in apartment industry
- Investing since 2001
- Apartment investor since 2009
- Co-Own Tenex Properties since 2012
- Manage over 200 units SFR-4plex
- Manage 148 units multi-family



**TENEX**  
PROPERTIES LIC

# What Does It Take to Manage Properties?

- Ideal candidate will love...
  - Processing paperwork & multiple follow ups to collect outstanding info
  - Asking for money including rent, late fees, repair charge backs, NSF fees, etc
  - Posting the same marketing material on dozens of different websites
  - Driving around putting out signs, lockboxes, etc...then going back to pick it up
  - Fielding complaints from tenants & vendors
  - Accounting, including billing, payables, collections, monthly/annual statements, 1099s & IRS compliance
  - Navigating legal concerns from evictions to fair housing to city ordinances
  - 24/7/365 on call for emergencies (even while you are on vacation, at a football game or your child's wedding)

# Job description continued...

Must love...

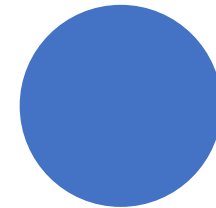
- Reading property code and legislative updates till your eyes burn
- Move out inspections of flea infested hoarder homes with cat feces on the wall
- Pay for your own software and systems to make this all achievable
- When you grow your portfolio large enough to hire some help, you get to learn Human Resources

# Compensation & Benefits...

- Earn between \$2,000 to \$30,000 annually depending on how many units you manage
- No health insurance
- No paid time off
- Use your own phone, computer & vehicle with no reimbursement
- You do get to work from home because you are never off work

---

Ready to Get Started?



## *Investors...*

When do you make  
your money?

On the buy...

- identifying opportunities is where an investor makes their money, but:
  - It's all theoretical money until you execute the plan, then you can realize the money through operational cash flow or ultimately a sale
  - A good team that can help you execute the plan so you can find the next opportunity is key to higher level of success

# Two categories we will cover



## Compliance & Requirements

- Topics that you need to understand if you are going to self-manage or that you need to make sure your management is doing



## Managing to Optimize Investment

- Topics that relate to improving cash flow and property value

# Compliance & Requirements

- Who can legally manage property? Do you need a real estate license? Can any agent manage property or just a Broker?
  - Owner managing their own property does not need a license
  - Salaried employee working for a single owner does not need a license (example: on-site staff at an apartment community)
  - Person or company engaged in managing properties for multiple owners and who perform certain functions (accepting deposit monies, paying expenses on behalf of the owners, showing prospective tenants, negotiating leases, etc)
  - Property management activities must flow through the Broker, not just one of their licensed agents. I.e. the trust accounts must be controlled by the Broker.

**\*\*This is not legal advice and is not comprehensive, consult your attorney to understand all requirements.**



# Compliance & Requirements

- Some Best Practices
  - Have 3 bank accounts
    - Your business operations account
    - Trust account for rent income and expenses
    - Trust account for deposits
  - Occupancy Standards
    - At least 2 persons per bedroom (less could be a violation of Fair Housing)
    - When is a new-born considered a “person” for occupancy standards
  - Leasing Qualifications
    - In writing & get applicant’s acknowledgement that they have reviewed

# Compliance & Requirements

- Legal Topics
  - Fair Housing
    - National: Race, Color, Religion, National Origin, Sex, Familial Status, Handicap (Disability)
    - Local: Marital Status, Sexual Orientation, Gender Identity, Age, Status as Student
    - Allow reasonable modification to property at expense of tenant for disability
    - Make reasonable accommodation to rules, policies, practices or services for disability
  - Locks, security devices, smoke alarm/carbon monoxide detectors
    - Rekey, keyless deadbolts, door viewer (peep hole), Pin Lock for sliding door, window locks, smoke alarms inside every bedroom/ outside of bedroom/ one on each level
  - Required repairs in Texas Property Code
    - Landlord required to repair conditions that affect the health & safety of an ordinary tenant

**\*\*These are not all the legal requirements of a landlord and is not to be used as legal advice**

# Managing to Optimize Investment

- Keys to Successful Property Management
  1. Property management firm must understand the goals and timelines of the owner in order to make decisions and drive strategy
    - Value Add with plan to exit in 5-7 years
    - Cashflow/Yield investment with 10+ year time horizon
    - Value Add, refinance, hold long-term for cash flow
    - Eventual condo conversion for sale
  2. Management firm must understand condition of property, tenant profile, local market conditions
    - 70s era, low socio-economic, blue collar/service economy
    - VS.
    - Class A, new construction in high income/tech economy

# Managing to Optimize Investment

- Types of Management Arrangements

1. Onsite Staff, Management is Supervisory

- Larger properties and/or higher rents allow budget to accommodate payroll expenses
- Lower management fees but payroll expenses are passed through to owner
- Office/administrative expenses paid by owner

2. No Onsite Staff, Management Firm Is “Hands-On”

- Day to day operations run through staff of management firm (leasing, maintenance, bookkeeping, tenant relations)
- Smaller properties and/or lower rents
- Higher management fees but inclusive of staff costs and many administrative expenses

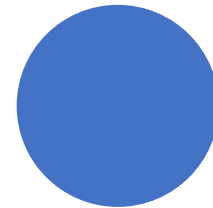
# Managing to Optimize Investment

- Strategy for Operations
  - Maximizing Revenue
    - Marketing to maximize occupancy
      - MLS, RentPath, Apartments.com, Social Networking, Resident Referrals, Apt Locators, curb-appeal, signage, amenities, product/finish outs
    - Pricing to maximize revenue
      - Revenue Optimization software...Big Data to adjust pricing based on date of occupancy, expiration of lease and availability of particular floorplan
  - Minimizing Expenses
    - Payroll vs Vendors
    - Utilities (RUBBS, utility contracts, efficiency in common areas)
    - Long term decisions vs short term (i.e. hard surface flooring or carpet)...maint or cap ex
    - Tax segregation studies and accelerated depreciation

- AAA/TAA/NAA apartment associations
- ABOR/TAR/NAR Realtor associations
- IREM local and national chapters
- Bigger Pockets
- Meetups and Real Estate Investor groups
- Degree programs at UNT and UTSA
- Mentor programs

---

## Resources to Further Your Education



# Links to supporting information

- Fair Housing

- [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/FHLaws/yourrights](https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/yourrights)
- <http://www.housing-rights.org/fairhousing.html>

- Occupancy

- <https://fairhousing.com/news-archive/advocate/1999/hud-adopts-keating-memo-standard-occupancy-limit-cases>

- Locks/Security

- <https://www.youtube.com/watch?v=MWGQTcB7SAQ>



Phil Trietsch

Broker/Co-Owner

512-632-0004

[phil@tenexproperties.com](mailto:phil@tenexproperties.com)