



Your **Property Management** Family

SINCE 1972

Volume 9, Issue 4
April, 2013

Hot Topics

What: In mid-February governor Jan Brewer released her Transaction Privilege Tax (renter's tax) reform. The simplification plan, HB 2676 Transaction Privilege Tax Changes, was introduced by Representative Debbie Lesko. The bill was assigned to the House Ways and Means Committee and the House Appropriations Committee. Though the bill was approved by the House Ways and Means Committee, the Chairman of the House Appropriations Committee refused to hear the bill as long as cities and town concerns remained. As a result, the legislation was amended onto HB 2111 with a "strike everything" amendment in the Senate Finance Committee. The bill passed the Senate Finance Committee and earlier this week passed the Senate Appropriations Committee. Concerns continue to remain from the cities and towns, but stakeholder meetings continue in an effort to alleviate their concerns.

Why: Bennett Property Management currently calculates, collects and pays out TPT taxes to 19 cities. In some cities and towns, the city or town also requires the property owner to have a business license, which is another application fee and an annual renewal fee. Even though these taxes are passed through to the tenants, the onus is on the property owner to collect the taxes and file the returns or they may be penalized. While we do have some concerns as to the implementation of this plan because it is proposed to be administered by the Arizona Department of Revenue, it may simplify the process and therefore alleviate some of the paperwork and time that we put into this task each month.

What: Late last week, HB2371 Homeowners' Associations Omnibus, which establishes protections for homeowners and tenants against continued abuses by HOAs to over-regulate, interfere in contractual relationships, require sensitive personal information be provided and unjustly assess costly fees on the property owner passed out of the Senate Government and Environment Committee. This past Wednesday, the bill was approved by the Senate Rules Committee. The next stop for the bill will be the Senate Republican and Democratic Caucuses.

Why: This potentially will have a huge impact in the relationships between property management companies, investors, tenants and homeowner's associations. The HOAs may only be able to charge minimal tenant transfer fees, may be unable to request private tenant information, possibly no longer be able to require/request tenant documentation from property management companies. This will not only impact an investor's ability to lease their home in a positive manner, but the financial impact could be significant as well, by greatly reducing fees imposed by HOAs. This is also a hugely time consuming area of property management and this bill could help alleviate that as well, by reducing the time spent serving violation notices, gathering tenant's personal information, etc.

So, contact your representatives soon and often! In meetings I attended this week, stakeholders in this process assured us that hearing from their constituents makes all the difference in a representative's perspective.

Anne McCawley

Reminder: Check your water filters. Home water filters are normally located inside canisters, and it's not easy to see the inside color or condition. Without seeing the filter, it is easy to ignore., and you have no idea what's really in your drinking water. If not regularly maintained, bacteria can grow in the canisters. There is no mechanism to flush out the bad bacteria and particles. The bacteria and particles accumulate over time and stay in the filter until you change it. If your property has a water filter, you must change it at least once a year or as recommended by the manufacturer.

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General Factotum

Frank Bennett, Sr

Owners

Anne McCawley

Frank Bennett, Jr.

Frank's Forum

Navy Days

Many of you know I was lucky enough to serve in the Navy some 50 years ago. Our ship was involved in the Tonkin Gulf Incident, which triggered the expansion of the Vietnam War.

The greatest thing about all this is the bonds of friendship forged during those years. There are still 6 or 7 of us in fairly regular contact and still perking along.

One of us was just named Mr. Healdsburg (CA), a contest that included singing (a great voice) and a walk in a Speedo. Call me, I'll send pictures.

We are scattered all over the country and manage to get together too rarely. When we do the years vanish and we revert to our studly Navy days and (according to the wives) act like the immature kids we were.

We have a (sort of) grandson in the Marines (two trips to Afghanistan). Along with the pride we have for him and his service to our country, he and I bond as brothers because of all that we have in common. I'm 50 years older than Kolton but we speak as peers.

I feel sorry for those who haven't had a chance to serve. There is no doubt that the all-volunteer military is more professional and probably more effective, but it deprives a lot of young people of a chance to work for their country.



Home Values

Headline: Valley home values rise 16% in 2012 (Arizona Republic).

The median price of home sales climbed 34%! The difference is that the "value" number includes all houses in Maricopa County—the price number reflects actual sales figures.

Wow! We have not reached the inflated figures of 2006-07, but the recovery is very nice. Financing is still not easy, even with the low interest rates, and about half of sales are to investors, but the housing market is doing very well.

It is still a great time to buy. Call Frank, Jr, or Anne. They know the market and will treat you right.

Rental Agreements

If any single item reflects the changes in rental laws/policies/trends over a period of time, it's the Rental Agreement, or Residential Lease.

When Barbara and I started buying and managing residential property 40 plus years ago our lease was on one legal-size page. The flip-side was the application with a small section for notes and special terms.

Today the BPM lease is 6 letter-sized pages. The application is a separate document. In the old days the Property Manager sat with the new Tenant, read the lease and took signatures. Today, every new Tenant watches and (we hope) listens to a video for the entire lease. One section of the lease is an acknowledgement that the Tenant has seen and understands the video. After the video session the Manager meets with the Tenant to

answer any questions and to collect the balance of move-in money.

Something that is important to understand is that a lease is an agreement to pay a specific amount of money to use a piece of property for a specific period of time. This is not small potatoes for most people—the contract for a house is \$10,000 to \$12,000 dollars.

One difference between a residential and a commercial lease is the action of a court in the event of default. The court treats the commercial lease like a promissory note and grants judgments in the full amount of the balance owing (huge numbers, sometimes).

Residential tenants are rarely hit for more than the back rent owing, (plus late fees and court costs) leaving out the amount due to the end of the lease. I'm told that a civil suit can be pursued, but I've never seen it done.

With most residential tenants, when there is a default our first goal is to recover the property in the best condition possible. The default usually means that the Tenant is almost judgment-proof because there is no job and no assets.

Vacancies

Not much to report here. Our properties are running at about 7.5% vacant at any given time.

Most good classes on property analysis use 7% as a bench-mark, basically 45 days vacant each year.

As always, the devil is in the details. The outlying areas (we call it "the fringe") are running more than 12% vacant. Some of this is because many of the properties are first-time rent-ups for us as investors bring them to us to manage.

However, the vacancies do run higher in the fringe. Tenants would rather have shorter commutes and will pay slightly higher rents to live closer to work.

Marketing

I was talking with a local attorney about our little company a few days ago, and he was amazed at how much we've grown (2200 "doors" and counting). His question: "How do you market the company?"

My answer: "We don't!" So-called institutional advertising never seemed to be productive, so we didn't spend the money. All of our growth comes from word-of-mouth referrals. Our owners are happy and tell their friends.

Realtors send their clients to us because we treat them well. We respect the Realtor/Client relationship. Anne McCawley, our fearless leader, is very active in NARPM and many out-of-state Owners come here because of that.

Simply put, we do a good job and operate with integrity. We respect our Owners and our Tenants.

NARPM NEWS

National Association of Residential Property Managers

Narpm.org

Join us the 4th Thursday of each month at SEVRAR

National Convention is October 16-18, San Diego, California

To join our mailing list, please email us at : susan@bennett2rentit.com

Visit www.narpmphoenix.com

Size Matters

Simply put, we is big! I believe we are the largest independent management company in The Valley, probably in the State.

Why is this good? Most importantly, to my mind, is that Bennett Property Management can afford to have the best management software and staff to operate it. Our reports are timely and accurate. It seems like an Owner should be able to take that for granted, but we hear terrible stories regularly about irregular, even fraudulent, accounting.

Because we are Valley-wide our managers are close to the properties they manage. We provide 24-hour service for emergencies. The typical mom-and-pop management operation cannot afford to do this.

We're not just big, we're old—at least in the property management world. This is our 41st year and we are still a family business. When you come in our lobby, a Bennett (or McCawley) is there and available.

Our size and age means we are stable, and customers refer their friends and clients to us every day.

We are grateful for the loyalty and business from our clients.

Great Country

What a great place to live. Lately, driving around Mesa, I reflect more and more about how fortunate we are.

Our streets are clean and safe. Our water is clean and available 24/7. Power and the other utilities are inexpensive and available to everyone.

A few years ago we were in Sofia, Bulgaria, and then in Zimbabwe. Very far apart in almost every respect, except that government in

both places is so badly run that utilities and other infrastructure are unreliable and deteriorating.

We scream and curse the mess and inefficiency in Washing-



ton-here in The Valley government works just fine. I am grateful for the men and women who give of their time to make life better for the rest of us.

Bankers

Is there any doubt anymore that the Big Banks own most of the country, including the Congress and the Regulators?

The old definition of a banker is a guy who waits to loan you money when you don't need it has never been truer. Record low interest rates are here, but for who? The "normal" buyer has great difficulty getting a loan.

For many years there was a healthy, competitive mortgage-loan industry. The larger banks are trying (succeeding) in monopolizing the home loan process.

Bank bureaucracy and tighter regulation strangle home loans. The guy behind the desk at the bank gets paid whether or not a loan is made. His only downside happens if a loan becomes non-performing, so it is easier to make no loan at all.

What a great process. The Bankers make money when they make a loan and while they service it. More money is added to the pile when the loans are bundled and sold to institutional investors (pension



Friday, June 14, 2013
3:00 to 6:00 pm
Brunswick Mesa Lanes
1754 W. Southern Ave. (across from MCC)



Theme:
What Not To Wear!

RSVP by **May 25**
To Doreen Davison, (480) 464-4648
or ddavison@turnanewleaf.org
SPONSORSHIP OPPORTUNITIES AVAILABLE

\$50 Individual Bowler
(\$6 to a team)

COME JOIN THE FUN...

3 Bowling Games ♦ Pizza ♦ Face Painting ♦ Balloon Art ♦ Bowl-a-thon T-shirts
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YOU CAN SET-UP YOUR OWN ONLINE, USER FRIENDLY FUNDRAISING PAGE TO HELP RAISE SUPPORT AT www.firstgiving.com

funds, money managers, mutual funds-and not the Fed).

If the "bundles are bad, the small investors or pension retiree takes the loss. Is there any wonder that Banks fight oversight regulation?

Light Rail

Mesa is extending the light rail through downtown. The portion to Mesa Drive will be done in two years; the leg out to Gilbert Road in the following two years.

I bring this up for 2 reasons. First, if you are coming to



our office on 1st Avenue, try to stay south of Main Street. Second, if you look at the impact light rail has had on Apache Trail in Tempe, there should be wonderful opportunities for investment all along Main-the closer to rail-stops the better.

One more reason to wish I was younger!

Southwest Vocal Project
(formerly Fiesta Chorus)

Sing with us!

OPEN REHEARSALS
are held Thursday nights
7:00 pm-10:00 pm

Please join Southwest Vocal Project of Sweet Adeline's International, the world's largest women's singing organization. For more information Call Pat at 480-399-9799 www.fiestachorus.org

A special "Thank You!" to our donors that helped make our annual show a great success!!