



Community Giving

Bennett Property Management prides itself on giving back to our communities. Over the years we have contributed to many different charities. One aspect of the rental business is dealing with the Code Compliance Officers in the various cities where we manage rental properties.

Fortunately, many of these city employees are compassionate and have common sense where rental property is concerned. They are likely to call us before issuing a citation in most situations (unfortunately, Phoenix is not one of these cities). One of our property managers, Luana Patterson, took the lead on a recent project we volunteered for in Mesa. The code compliance officer, Mr. Okabe, contacted Luana that he had an elderly woman near the downtown Mesa area whose property was in a serious state of disrepair. He asked if we were willing to take on the project, and Luana coordinated a team of volunteers from BPM for a day of service. One of our vendors, Willie Fish Tenant Improvement, enlisted a team of volunteers from his office too, and we are so thankful that they were there to pitch in.

On August 29th, projected daytime high of 110 degrees, we met at 6:00 a.m. to tackle this very daunting task. It turns out that the property is actually as big as four normal size lots! We had four mowers going, multiple weed-eaters weeding and a small army of people trimming and pruning. Soon, the three yard portable dumpster was filling up! Slowly, we were re-claiming the yard. By the time we were beginning to tire and wilt from the heat, we could actually see the house from the street. It really is quite a beautiful property. I am very proud of the members of my team that participated, especially my 17 year old daughter, Sarah, who worked hard right beside us. It is a very good feeling to contribute to your community-I am fortunate to have learned that from my parents and grandparents. It is an even better feeling to know that we helped someone who had no one else to turn to. Way to go BPM and WFT!!

By: Anne McCawley

Employee News

Congratulations to Luana and John Patterson! Our property manager, Luana Sainz-Sheldon became Mrs. John Patterson on June 13, 2009. After a very beautiful ceremony, they had a fun and elegant reception in Mesa. There was plenty of delicious food and dancing. This was truly a dream wedding and we wish Luana and John a very happy life together. A somewhat belated welcome to Deniamarie Jozwiakowski (affectionately known as DJ, thank goodness!) to the BPM family. DJ joined us in March this year as an administrative assistant/assistant bookkeeper.

DJ lived in NM and California before coming to AZ to be with her family. She lives with her son (Donald) and granddaughter (Brittany)., and not too far from her mother (Jerri). DJ enjoys reading, going to the car races, playing with Brittany and dancing in the rain.

DJ really enjoys working with the BPM Family and hopes to stay a long time. Maybe to grow up to be a property manager someday.

In case anybody hasn't caught on that the Bennetts are a musical bunch, we thought we'd announce our latest songbird's adventure.

Kate Erbe has successfully auditioned for the Promusica Arizona Chorale and Orchestra. Congratulations! Kate is singing 2nd Alto and we are looking forward to attending many performances! Promusica Arizona is offering a two person show on October 2nd, 2009, as a choral fundraiser. The show is "Sounds of Broadway...Don't cry for me, Arizona". Tickets are \$20.00. Please call 623-465-4650 or go to promusicaaz.org for more information

BPM Vacancy News

Jan '09	Core :	Fringe
	7.8%	12.3%
Aug '09	9.2%	9.8%

*Fringe areas include Queen Creek, Buckeye, Goodyear, El Mirage, Surprise, Coolidge, Florence, Maricopa, Arizona City.

Broker

Anne McCawley
Susan Reeves
(Licensed Assistant)

Associate Broker

Sharon Wilson

Office Manager

Mike Mumford

Property Managers

Daniel Anderson

Kayla Berry

Jodi Brace

Ginny Casselman

Jason Casselman

Jackie Mance-Casselmann

Kate Erbe

Hector Felix

Kristina Fogliano

Melissa Guerrero

Karen Homa

Ron Lederman

Joe McCawley

Jane McCawley

Sarah Johnson

Mike Noggle

Travis Reich

Sandy Shannon

Luana Patterson

Carolyn Summers

Kim Tracy

Jim Wilson

Bookkeeping

& Clerical

Olga Aguirre

Margie Cooley

DJ Jozwiakowski

Rosey Reich

Michele Winkles

Owners

Anne McCawley

Frank Bennett, Jr.

Reaction

We got some reactions from the last newsletter (May 2009). Many of the comments were critical of my description of our upcoming trip to Maui (we were there May 17 to July 6). Almost every year I write a piece about our vacations, adding that we can take those trips because our rentals keep sending money even when we are not home. Some readers (including our staff) thought that such remarks were insensitive considering the struggle so many owners are going through as we fight high mortgages, dropping rents and increased vacancies.

Maybe so. But I will say two things about the criticism. First, Barbara and I are suffering with the economy right along with our owners. Our rents are down, vacancies up, and downtimes longer. Our suffering is eased tremendously by the fact that we have mortgages on very few of our properties because we have owned them a long time and, hard as it is to believe, loans do pay off if one stays the course.

Second, in the last major downturn (late 80's, early 90's) we were mortgaged and leveraged up to our eyeballs. And we struggled like crazy, having to sell off the few properties we had with equity to protect the others; and we lost two properties to foreclosure. As I have written before, the foreclosures were a big part of our survival. They got rid of some onerous payments and, more importantly, they fouled up our credit to the point that we could not borrow and had to learn to fight and scrimp to keep making payments on the properties we wanted to keep.

If my remarks about the joys of

retirement and travel thanks to rental income upset anyone, I apologize. Such was not the point. We still believe in buying and holding real estate in the Valley of the Sun. I try to present our own experiences, positive and negative, to our owners and other readers to encourage one and all to buy and hold residential income property.

As always, if there are any questions about investing or managing real estate please call Frank, Jr., or Anne McCawly.

By: Frank, Sr.

Fiesta Chorus Sing with us!

OPEN REHEARSALS

are held Monday nights
7:00 pm—10:00 pm
Please join Fiesta Chorus
of Sweet Adeline's
International,

The world's largest women's
singing organization.

Call Debbie at 602-301-4151
for more information.

Next Performance:

Nov. 21st @
Highland High School

Email Anne for tickets @
anne@bennett2rentit.com!

www.harmonize.com/fiesta

Property Poor

Forbes Magazine and Ben Stein are my primary investment and economic instructors. I borrowed the title of this from a Forbes article.

In their article the writer starts out by talking about the rotten performance of real estate over the past year (s). His conclusion: "You should buy more...now is a once-in-a-generation chance to re-load your property portfolio."

Music to our ears. We have been saying this for more than a year now, and practicing what we preach. Banks holding fore-closed properties are between a rock and a hard place, having to sell to clean up their balance sheets.

In my opinion, bankers are dumb sellers with no stomach for risk, so they are dumping properties into a down market and making things worse. Their loss is our gain!

All this sounds very brave, but prudence is still important. Consult a real estate professional (we know a few) and be sure you are strong enough to hold on for a few years. Three to five years is my best guess today.
By: Frank, Sr.



Forbes “Thoughts on the Business of Life

High finance isn't burglary or obtaining money by false pretenses, but rather a judicious selection from the best features of those fine arts. __Finley Peter Dunne

Finance is the art of passing currency from hand to hand until it finally disappears. __Robert Sarnoff

A recession is like an unfortunate love affair. It's a lot easier to talk your way in than it is to talk your way out. __Bill Vaughn

Money can't buy happiness, but neither can poverty. __Leo Rosten



NARPM NEWS

*National Association of
Residential Property Managers*

Narpm.org

Phoenix Metro Chapter
Meetings at SEVRAR:
1363 S. Vineyard
Mesa, AZ

Sept. 24th—12:30-3pm
Oct. 22— 12:30-3pm

Policy & Procedures
Manuals
for Property Managers

National Convention in
Orlando, Florida
October 21-24, 2009

To join our mailing list, please

Frank Bennett Realty

Frank Bennett Jr.

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Investment Property

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A Property Manager's Perspective

Home Owner Warranties (HOW) are essentially prepaid insurance against expensive repairs regarding water heaters, air conditioners, water leaks, washers, dryers and various other household appliances and plumbing issues. It is imperative that the owner have a good knowledge of the warranty specifics and policy limitations.

Some Home Owner Warranties state that regular maintenance must be completed or the warranty will not cover the expense of a repair replacement. This commonly occurs on air conditioner repairs. This is one area where we suggest a "Spring Startup" maintenance check. This attention to detail may pre-empt any unexpected major expense and eliminate or reduce the frustration caused by air conditioner repairs when the temperatures are greater than 100 degrees.

Please note that the when, where and how of replacing defective parts are not generally covered in the policy verbiage. For example, a warranty company stated that an air conditioner compressor would be replaced. It was not replaced until 7 days after the initial call because the HOW customer service representative placed it on a waiting list. After many calls by the homeowner and the property manager the compressor was replaced, but it also cost the owner 125% of each days rent because the tenant was unable to occupy the dwelling.

The replacement of a water heater may be covered by the HOW, but failure symptoms usually include a slow water leak that may have permeated the dwelling. The result may be wet drywall, carpeting, personal belongings, etc. Most water heaters in Arizona are placed on dry wall pedestals which absorb the water. If this issue isn't quickly remedied, mold and other damage may occur within 48 hours. We suggest that replacement water heaters be placed in a pan and drained away from dry-

wall and any media that may absorb water and result in mold.

Bluntly, most property managers would rather not deal with Warranty Companies.

1. They are like most insurance companies and fight the payment of claims.
2. They slow up the repair process (7-14 days is not unusual), a major issue for a/c repairs.
3. Hidden or ancillary repair costs are not covered.
4. Regular preventive maintenance is less expensive and eliminates or postpones costly repairs (See Spring Startup")

Bottom line: We understand the desire of many owners to eliminate the unexpected. We just don't think that most Home Warranty plans perform to expectations.

By: MJ Noggle and Sharon Wilson

Weeding Out

Many of you know that I am a product of the Naval Academy and a Management Training Program at General Electric.

I was at GE at the beginning of the Jack Walsh era in the late 60's. One of his major management innovations was to review every manager every year (nothing new there), and to cut the bottom 10% each year. Tough, but very effective, and GE grew into an economic powerhouse.

All this is by way of saying that I'm very proud that we've been able to follow this policy at Bennett Property Management, reviewing our properties almost every year and eliminating the units that were too tough for us to manage. We find that 60%-70% of our management efforts are being spent on 10% of the properties. Not fair to the majority of owners or to our managers.

So...your properties are getting fuller attention. We are grateful for your trust and your business.

Practical Management

Because of my military and business background we have had an Operating Procedure Manual for many years. I always told managers and owners that every page is written in blood and money.

Anne and her staff have expanded and improved the manual to reflect input from her many NARPM (National Association of Residential Property Managers) associates. It is still written from painful experience.

The Operating Manual sets out a long list of Do's and Don'ts for managing property. We tell our new managers (and hold ongoing training with the whole staff) that it is very tough to go wrong following the rules. Every time we violate our own procedures, it costs money and sweat.

I believe our operating procedures are another feature that sets us apart from other management companies. Our managers are terrific, and they have a lot of independence in their operations, but they have to follow the Book.

We are happy to share the full scope of our procedures with our owners. Call Anne if you would like to discuss these.



Rent Rates

I asked Mike Mumford, our intrepid Office Manager/IT expert/Bookkeeper, to run a report showing average rents over the past several years. I was sure that it would reflect a significant drop in rents.

Wrong! The results:

2005	\$836
2006	\$875
2007	\$956
2008	\$950;
2009	\$949.

My conclusion? These numbers are only part of the story (I hate to be wrong). As far as I can tell, we do not have a reliable way to track "economic rent". This is the amount of money actually collected over a period of time; it reflects the down time for a property as well as any changes in rent amounts.

Most of our owners (including me) know that rent receipts are down, probably 15%-20%. Expenses, for the most part, are up so Net Operating Income numbers are down. It looks like conditions are improving, but until the unemployment numbers improve we will still be hurting.

By: Frank, Sr.



Pillow and Linen Drive

Sept/Oct: Pillow and Linen Drive: Please bring new pillows and gently used, clean linens. For more information visit *A New Leaf* website: www.turnanewleaf.org.

Holiday Wish List

Gift cards have become the most efficient and effective tool for Holiday giving. Gift cards or financial donations can be sent to A New Leaf's Development Department, 868 E. University Drive, Mesa, AZ 85203. Call 480-464-4648 or visit www.turnanewleaf.org.