Risk Management for Property Managers

- Where Property Managers Fail
  - Managing the Business
    - Setting it up
    - Hiring and retaining qualified staff
    - Failure to supervise
  - Managing the Money
    - Having the right accounting system
    - Performing regular reconciliations
  - Managing Landlord Relationships
    - Fail to have an outstanding property management agreement
    - Fail to terminate toxic relationships with difficult owners
  - Managing Tenant Relationships
    - Fail to proactively address failed tenant relationships
    - Fail to manage the lease agreement
  - Managing the Property
    - Make sure it is habitable
    - Hire licensed contractors

- Property Management and Accounting Systems
  - Choosing the Right Accounting System
    - Cloud based
    - Individual user logins
    - Supports monthly and annual audits
  - Preventing Embezzlement
  - Pay Special Attention to the Security Deposit Trust Account
  - Incoming Tenant ACH Deposits
  - Avoid Commingling and Conversion
  - Monthly Reconciliations
  - Annual Reconciliations
  - Building in Checks and Balances

- Taking a New Property Under Management
  - What About the Landlord
    - Is he/she a trustee?
    - Is he a micro-manager?
  - Existing Tenants
  - Existing Lease Agreement
  - Property Management Agreement Considerations
    - Go through the PMA in person when possible
    - Evaluating Owner’s Goals and Objectives
    - Get on the same page with the owner
- Proof of Landlord Insurance
- Pre-Management Inspections
  - Current condition
  - Habitability issues
  - Environmental issues
  - Maintenance and repairs
  - Capital improvements
- Determining the Reserve Deposit
- Managing Multiple Properties for the Same Owner
- Foreclosure

- Tenant Screening and Leases
  - The Lease Application
  - Tenant Selection
  - Emergency Contact Info
  - The Lease Agreement
    - Go through the Lease in person
    - Get on the same page with the tenant
    - Restrictions
    - Smoking
      - Medical Marijuana
      - Recreational Marijuana
    - Pets
    - Service Animals (Does the Application Address this?)
  - Explain the Security Deposit
  - Lease Terminations Issues

- Update on Fair Housing and ADA Issues

- Moving In.
  - Pre-Move-In Inspection
  - Property Condition Report
    - Complete it prior to moving in.
    - Allow tenants at least five days to call out any maintenance and repair issues that arrive after moving in
  - Photos and video

- Moving Out
  - Pre-Move-Out Inspection/Walk through with the Tenant
  - Final Move-Out and Property Condition Report

- Early Termination of Lease – Domestic Violence
  - NRS118A.345
  - Extends to Harassment and Stalking
• Abandoned Property Procedures
  o NRS118A.460
  o Requirement to Secure (30 days)
  o Notification Requirement (14 days)
  o Automobiles – See NRS487

• Insurance
  o Landlord
    ▪ Minimum $500,000 - $1,000,000
    ▪ Additional named interest or insured
    ▪ Indemnity clause
  o Tenant
  o Flood
  o Home Warranty
  o Track renewals in PM Accounting System

• Maintenance and Inspections
  o Pay Special Attention to Health and Safety Issues
  o Preventative Maintenance
    ▪ Reduces Repair and Replacement Costs
    ▪ Avoids Interruptions to Tenants
  o Routine Inspections
    ▪ Use Checklist
    ▪ Interior and Exterior
    ▪ What to Inspect
  o Smoke Detectors
  o Carbon Monoxide Detectors
  o Maintenance Requests
  o Contractors and NRS624

• Returning the Security Deposit
  o Handle Timely
  o What is Normal Wear and Tear
  o Avoiding Complaints and Court Appearances
  o “I was Just Following Orders” is No Defense

• Property Management Organizations and Designations
  o IREM (Institute of Real Estate Management)
    ▪ ARM (Accredited Residential Manager)
    ▪ CPM (Certified Property Manager)
  o NARPM (National Association of Residential Property Managers)
    ▪ RPM (Residential Property Manager)
    ▪ MPM (Master Property Manager)
    ▪ CRMB (Certified Residential Management Bookkeeper)