



HOW to Increase Your Fees **With** **CURRENT Clients** Presenter-Darren Hunter



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Why your clients **WON'T LEAVE.**



Don't let your 'BIG BUT' get in the way...



Common **'Big Buts...'**

- **But my owners are too tight with money**
- **But the other agents down the road are much cheaper...our clients will leave and go to them.**
- **But my owners have been with me too long...they'd get angry and leave.**
- **But we'll damage the business if we did that!**
- **But the other agents don't charge those fees!**
- **But my property manager will never allow it!**





The TOP THREE reasons **why your clients will not leave!**

- 1. Value their peace of mind more- if they already have a solution, they will rather pay a bit more and stay.**
- 2. Rather stay who they are familiar with, and know.**
- 3. They soon forget about the increases- it becomes their 'new normal'.**

As long as they have no reason to leave FIRST.



Make sure you're monitoring **each month...**

1. Total property numbers.
2. Total fee income (less GST).
3. Total fee income per property.
4. Average rent.
5. Average management fee.



Categorise Your Owners



Categorise **Your Owners**

Category 1- DO NOT fee increase these type current clients!

1. Owners that have been clients less than 12 months.
2. Owners that are still locked into a fixed term management agreement.
3. Owners that have been purchased in the last 12 months in a rent roll sale.
4. Owners that have reason to be upset at the moment.
5. Owners that have a property becoming vacant, or is vacant.



Categorise **Your Owners**

Category 2- Single/Double property owners.

Category 3- Multiple property owners.



What fees **to** increase



What fees **to increase**

- **Management Fee and Leasing Fee** - more the market than mindset that determines management fee.
- The stronger your points of difference, the more you can charge.
- It's more your mindset than market that will determine how well you succeed with other fees.



What fees **to increase**

- **Maximise your Management Fees**
- **Add and increase a couple other owner fees.**

What's the equivalent of one weeks rent?

Then aim to add that \$ amount per year/per property or overall about a 20% increase to owner annual fees per property.



Owner Fees to Consider



Main Owner Fees to consider

- Leasing Fee
- Internet Marketing Fee
- Professional Photography Fee
- Video-Walk Through Fee
- Lease Renewal Fee
- Routine Inspection Fee
- Ingoing Inspection Fee
- Final/Bond Inspection Fee
- Monthly Admin Fee
- Annual Statement Fee
- Tribunal Attendance Fee
- Account/Tenancy set up fee



Other Owner Fees

- Insurance Claim Processing Fee
- Payment Disbursement Fee
- Special Payment Fee
- Repairs and Maintenance Fee
- Renovation Fee
- Rent Increase Fee
- Outside Normal Duties Fee



The notification letter/email



The notification **letter/email**

- Keep it brief.
- Get the header subject right.
- Use a justification paragraph.
- Have a clear effective date.
- List your fee changes - be transparent and clear.
- Refer to agreement to be returned.
- Invite queries/questions.
- The person with best relationship to have name on letter.



Tools to include **with your letter/email**



Tools to include **with your letter/email**

- Multipage 'Services Schedule'- with absolutely everything you do for your fees.
- Management agreement or addendum – send an agreement- needed or not?





PROPERTY MANAGEMENT SERVICES

Peace of Mind at Your Fingertips

icpmrentsmart.com

The Independence Capital Property Management Experience

Our goal at Independence Capital is to provide you top tier service through high quality property management services. We continually focus on delivering the ultimate property management experience by providing pleasant, professional, and honest service, with a focus on personal attention, letting you gain peace of mind and satisfaction with our business. Our aim is for you to receive the highest possible return on your investment. We work hard to maintain our commitment, and strive to exceed expectations every step of the way.

Our responsibility to you as the property owner is to:

- Maintain and improve the capital value of the property
- Secure an appropriate level of income from the rental market
- Put our best interest into you and your property
- Strive to keep your property leased for as long as possible
- Follow your instructions
- Account for all transactions / monies through the process
- Keep you informed and up to date with information

It is not the management commission charge that makes the difference in your annual return on your property, it is...

- The level of rent received
- How quickly your property is re-let when it becomes vacant
- The choice of tenant
- How well the property is maintained

Both you as the landlord, and us, your management team, can affect the above factors. By working together, we will have a long, profitable and happy journey ahead of us.

From your Property Management Team – ***thank you*** for taking an interest in our services.

COMPREHENSIVE LIST OF OUR PROPERTY MANAGEMENT SERVICES

The following is a comprehensive list of the property management services we provide to you, for your information and reference.

The Management Process

Taking care and supervising your rental property is the most important function we perform. The management fee charge is expressed as a percentage of all rents collected to cover the day-to-day management and supervision of your property under our professional care.

The management process – what we do:

- Attend to landlord-client correspondence and communication
- Attend to daily tenant telephone, email, front office and fax inquiries
- Disburse and manage your rental monies through our trust account
- Key management and security for showings, all inspections and tradespeople
- Copying/scanning of creditor invoices
- Rent collection and rent control / early intervention
- Correct and prompt serving of all legal forms
- Lodging court documents
- Preparing monthly statements, along with supporting documents for the owner
- Arrangement of special utility readings when required
- Payment and recovery of utility consumption from tenants
- Coordinating vendor quotes and repairs with regular follow-up
- Paying of vendor accounts
- Paying creditor property expenses, on behalf of landlord clients
- Conducting regular rent reviews in line with market conditions
- Serving rent increase notices on tenants in accordance with legislative requirements
- Preparation of managing broker's authority renewals
- Processing notices to vacate and confirmation with tenants
- Liaison with insurance companies as required
- Proper accounting / refunding of the vacated tenant's security deposit, once all monies are confirmed paid

The Leasing Process

The leasing process ensures the securing and placement of a new tenant for your rental property. The leasing fee amount is based on the amount of rent received for the property and is only charged on new tenancies, when a new tenant is secured.

The leasing process – what we do:

- Placing a clear description of the main features of the premises on all rental listings
- Displaying a professional "For Rent" sign on the property
- Prominently advertise our 24/7 leasing line, so tenants can obtain property information and schedule a showing any time of day
- Arranging and taking of marketing photographs of the property
- Performing a video tour of the property, showcasing the layout for prospective tenants
- Creating a marketing script with the property details
- Uploading of the property marketing script, with various photos to property search websites
- Personally show properties via private and open forum with prospective tenants
- Showing of property through live video (Skype or FaceTime) with prospective tenants
- Answering tenant inquiries and issuing application forms
- Careful checking of tenant rental references and confirming employment details
- Collection and checking of tenant identification and proof of income
- Processing tenant background screening, national eviction search, credit history and score
- Search and view social media outlets of prospective tenant(s)
- Approval or denial of applicants based on strict criteria
- Comply with Fair Housing Requirement of Adverse Action Letter
- Preparation of the new tenant agreement and security deposit disclosure forms
- Insure home is in rent-ready condition
- Propane tank reading recorded (if applicable)
- Conduct video/photo move-in inspection
- New tenant induction completed to fully explain the main tenant obligations, lease agreement and any addenda
- Conduct home tutorial with tenant(s) and issue keys
- Deposit and maintain the tenant security deposit as required by law

The Lease Renewal Process

This fee is applied when the lease is extended for a further term with an existing tenant.

Benefit to you – The main benefits for the continuance of a fixed term lease is that it avoids tenant turnover, which is typically the costliest event an owner will experience. It also assures the rent to the landlord should the tenant wish to break a fixed lease.

Should either of these situations occur on a non-fixed term lease (should a fixed term lease not be renewed), the tenant is not obligated to continue paying rent (only 30 days' notice is required). The landlord can suffer unforeseen and/or extended financial loss should this occur in a quiet leasing time. The landlord in this case must fund the vacancy period.

Therefore, keeping a tenant on a fixed term lease is in everyone's best interests.

The lease renewal process – what we do:

- Market analysis performed to determine what, if any, rent increase is acceptable
- Tenant approached for their intention to renew lease, and negotiation of terms and increased rent, if applicable
- Preparation of the renewal lease agreement
- Lease renewal initialed and signed with tenant
- Copy of lease renewal is issued to the tenant

The Property Condition Report

A highly detailed Property Condition Report is prepared prior to the commencement of each tenancy, and at the termination of each tenancy.

A fully detailed description of both the interior and the exterior of the property are recorded. This report also includes ample photographs and/or video of both the interior and exterior of the property. The length of the report will depend upon the size of the property and the extent of wear and tear, providing comprehensive detail on the property condition.

These reports are necessary to properly document the condition of the property at move in and move out, and have proven very beneficial during tenant security deposit disputes before the Courts.

The Inspection Process

Regular and annual inspections are conducted, allowing us to monitor the tenant performance and general condition of the property, keeping the condition as well maintained as possible and keeping your asset value maximized.

The routine inspection process – what we do:

- Issue the tenant with the required legal notice of inspection
- Create a room-by-room written report detailing tenant performance, criticisms, repairs, concerns and recommendations for improvement to the condition of the premises
- Tenant feedback on performance
- Tenant follow up of unsatisfactory items identified with a further inspection, if required
- Issuing of original written report to the owner
- Provide feedback to the owner on any preventative maintenance items that might need attention

The Security Deposit Inspection Process

The Security Deposit or move out inspection is conducted as soon as practically possible after the tenant vacates the property, and surrenders the keys.

The security deposit inspection process – what we do:

- Review move in photos and/or video report for prior conditions
- All items from the original property condition report are checked off
- Any tenant neglect, damage and cleanliness issues are noted in writing (allowing for normal wear and tear on the property)
- Create work orders for any items that need attention or that are required to get the property in rent-ready condition
- Return to the property to re-inspect any items unsatisfactory to ensure proper rectification
- Complete the tenant security deposit disposition in accordance with the law, itemizing any amounts withheld from the deposit and refunding any amounts due to the tenant once all monies are confirmed paid
- Update the Property Condition Report for the next tenancy

Monthly Administration Fee

This is a flat monthly fee paid on a calendar monthly basis. It covers your monthly statement and general expenses such as postage, stationery, checks, ACH bank fees, phone calls, email and faxes. The flat monthly fee charge is in lieu of charging per expense incurred, which would fluctuate on a month-by-month basis.

Annual Summary Report Fee (End of Year Financial Statement)

Annually, you will be issued a summary of income and expenses in relation to your investment property in any given fiscal year. Your accountant is likely to charge far more to prepare an equivalent summary for you. Our annual summary statement offers excellent value, saving you on accountancy expenses.

Internet Marketing Fee

Your property will be placed on almost 90 major real estate / listing websites (free and paid), together with suitable photographs and a marketing script. Offering exceptional value compared to less effective (and far more costly) newspaper advertising, your property is exposed to the market through hundreds of listing sites. With this ability and the option for prospects to fill out a Guest Card or apply online, we have sped up the leasing process and are able to fill vacancies faster.

Court Preparation and Attendance Fee

This fee is charged when we are required to prepare for and appear before the Magistrate Court on your behalf. This fee may be covered under the Protection Programs, if applicable.

Our Team

Our Property Management Team is dedicated to their work and to providing you with the best management services available. Many of our team members have lived in San Juan County most of their lives, so local knowledge is at a premium. Our diverse backgrounds and experiences brings a lot of perspective to our practice. We enjoy introducing prospective tenants to their new homes and seeing them happy where they live. Property owners are looked after individually and personally. We recognize and respect that each owner and property is unique and has different requirements, and we continually seek to meet those needs.

Kristin Johnson » (Co-Founder) President, Qualifying Broker



Kristin grew up in Holbrook, AZ. She graduated with honors from the W.P. Carrey School of Business and the Barrett Honors College at Arizona State University. She also holds a post-graduate degree in Paralegal Studies from the University of San Diego. Kristin started her career in Real Estate over 10 years ago as a Senior Paralegal at a nationwide real estate investment firm. She has been a licensed Qualifying Broker in New Mexico since 2010, when she co-founded Independence Capital. Kristin is a Professional Member of the National Association of Residential Property Managers (NARPM), and has earned the designation of Residential Management Professional (RMP). She is also a Realtor with the National Association of Realtors. In her spare time, Kristin enjoys hiking, working in the yard, and playing with her family. Her most recent passion has been expanding the company to Arizona.

Shawn Johnson » (Co-Founder) Executive Vice President, Associate Broker



Shawn grew up in Aztec, NM. After completion of his Associates Degree from Glendale Community College, Shawn began flight school in Scottsdale, AZ. Shawn's career as a helicopter pilot provided opportunities to fly internationally into Mexico, offshore in the Gulf of Mexico and as an EMS helicopter pilot. Shawn currently flies for the San Juan County Sheriff's Office as an instructor pilot in his spare time. Shawn began his career in Real Estate in 2013, but has been investing in Real Estate for over 10 years. Shawn is currently a Professional Member of the National Association of Residential Property Managers (NARPM), and has earned his Residential Management Professional (RMP) designation. In 2017, he will be serving as the NARPM Albuquerque Metro Chapter President. Shawn enjoys golf, baseball, hunting and fishing.

Your fee **maximisation** campaign



Your fee **maximisation** campaign- post

What to send to your owners:

- 1. Cover Letter** - One page - must be brief!
- 2. Services Summary** - justify what you do!
- 3. New Management Agreement**
- 4. Return Envelope** - Stamped/Self Addressed or a Reply Paid Envelope.



Your fee **maximisation campaign- email**

What to send to your owners:

- 1. Cover Letter** – text in email.
- 2. Services Summary** - justify what you do! (attachment to email).
- 3. New Management Agreement-** with electronic signature, set for a weekly reminder (or a letter only if your management agreement allows).



Giving advanced notice



Giving **advanced notice**

- **You must be careful when letting people know in advance of your fee change notice.**
- **ONLY Multiple Property Owners with 3 properties or more need advance notice of your letter/email, BUT NO ONE ELSE!**
- **This includes salespeople in the office- they will have an opinion about you raising your fees- usually it will be negative!**



Dealing with **the response**



Dealing with **the response**

- Expect around 10% of phone calls.
- The person with the best relationship takes the response/calls.
- Be sure you know you're worth it!
- Know not all calls are objections.
- Be ready to justify your fee changes.
- Use words like *'Mr. Smith, we've had to increase our fees because of the ever increasing costs of business expenses and also the changes to legislation. You are really important to us Mr. Smith, and we hope you can also see why we've needed to do it.'*



Dealing with **the response**

Know your good from bad clients upfront!

Be ready to negotiate with your good clients -

Use words like “Mr. Smith, we've had to increase our fees because of the ever increasing costs of business expenses and also the changes to legislation. You are really important to us Mr. Smith, with that in mind, what do you suggest would be fair to both of us?”



Dealing with **the response**

With your bad clients hold your ground -

Use words like *“Mr. Smith, we've had to increase our fees because of the ever increasing costs of business expenses and also the changes to legislation. Could you please let me know what you decide to do.”*



Dealing with **the response**

- **Let your clients nominate the fee adjustments when you negotiate.**
- **Get the signed management quickly.**
- **Don't go right backwards with your fees.**
- **Be ready for some surprises.**



Tips to making it work



Tips to **making it work**

Planning Makes Perfect

- **Ensure your letters accurately spell out who gets what fee additions/increases - double check it for accuracy, and also get it checked by a third party.**
- **Have a spreadsheet that lists each landlord, and what increase/addition in fees they will get.**



Tips to **making it work**

- Merge your spreadsheet fee information straight to your letter and agreement to save having to manually prepare this information.
- Accuracy is essential on all documents!
- Multiple landlords - letter, phone call or visit - you decide!



Tips to **making it work**

- Never give landlords a choice!
- Always follow up 'stragglers' within 7 days by phone (keep following them up).
 - They may have forgotten.
 - They have placed it into the 'do later' pile, and may be 'too busy' to return your paperwork.
 - They may have genuine concerns, and be 'fishing elsewhere'!



Tips to **making it work**

- Ensure all system records are changed when your paperwork is returned - no charging extra without a signed agreement!
- Know that the 'hard-core' fee orientated landlords (usually the bad ones) may leave!
- Be wary of multiple landlords!



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Questions...and thank you!

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