



KNOW YOUR CODE OF PROFESSIONAL ETHICS: Complying with Fiscal Property Lines



DEE HERMAN, CPM®, CPA (DHERMAN@ZPI.NET) IS THE CFO/TREASURER FOR ZIFF PROPERTIES, INC., IN MT. PLEASANT, S.C.

AS PROFESSIONAL PROPERTY MANAGERS, WE STRIVE TO MAINTAIN AND ENHANCE OUR CLIENTS' PROPERTIES IN A MANNER CONSISTENT WITH THE OWNERS' GOALS AND OBJECTIVES.

On a daily basis this means dealing with tenants, vendors, contractors, guests and invitees, and maybe even our own employees and co-workers.

This requires a full set of competencies, including interpersonal, mediation, technical and negotiation skills, along with a host of others. In short, managing properties is a full day's work, and frequently more.

Often in this both proactive and reactive environment, the "paperwork" gets pushed aside. Certainly rents are deposited, tenant accounts are updated, vendors are paid, and all the key transactions that keep properties operating are performed, but the summarizing and reporting can become a lower priority.

The reporting aspect of property management is often considered one of the least pleasant. It doesn't call upon our interpersonal and technical skills, which are typically the real strengths of most managers. Still, the importance of reporting responsibilities cannot be lost, just because it's not enjoyable.

Article 3 of the IREM Code of Professional Ethics addresses the financial reporting requirement. Accumulating timely, accurate financial and business data is required of IREM Members. Furthermore, this data shall be available at all reasonable times to our owner clients and reported to clients at agreed upon intervals. That means our day-to-day activities to manage properties must include the time to document

transactions and summarize the results.

The majority of cases alleging violations of this Article involve the co-mingling of client funds with personal funds and a failure to reconcile.

As IREM Members, we should have no problem identifying real property boundary lines. Practically speaking, the easiest implementation of Article 3 is to draw fiscal property boundary lines around our clients' assets just as boundary lines are drawn around real property. This means implementing controls like separating bank accounts for deposits and disbursements; separating financial reporting entities in the accounting software; and separating financial reports.

Other violations have involved the funds that IREM Members pay themselves for the management services they provide their owners. Again, to comply with this Article, we need to draw clear fiscal property lines.

For example, prepare an invoice for services just as we would require any vendor to do, with charges per the terms of the management agreement. Make disbursements as for any vendor in a timely manner consistent with the management agreement. Finally, document all transactions as they occur to permit summarization for financial reporting.

By being clear about "fiscal property lines," we can demonstrate our awareness of and compliance with Article 3 of the IREM Code of Professional Ethics. While clear financial reporting might not be our favorite task, or even our greatest skill, it ultimately keeps us in line with the Code, which does distinguish us and make us more valuable managers overall. ■

Awards & Recognition

Cushman & Wakefield, AMO®, recently received a Gold Leadership in Energy and Environment Design (LEED)

Certification for its headquarters in New York.

Developed by the U.S. Green Building Council (USGBC), LEED is the premier rating system for designing and constructing the world's greenest, most energy efficient, and high performing buildings. The Gold Leadership Certification in LEED represents the highest level of credits a building can accrue in five green design categories: sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality.

"This achievement demonstrates our commitment to enhance the environmental performance of our own business as we proactively engage and support our clients in the adoption of sustainability," said John C. Santora, CPM®, president and CEO of Cushman & Wakefield, Americas.

Highlights of Cushman & Wakefield's sustainability initiatives include a 30 percent reduction in water usage and a 25 percent reduction in lighting power density below the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standard, which was achieved partially through the use of daylight sensors and dimmable ballasts, as well as a policy to ensure the purchase of low mercury lamps.

Additionally, more than 75 percent of the construction waste from the build-out of Cushman & Wakefield's office space was diverted from landfills, and new materials used in its office furniture are made from more than 20 percent recycled content.



ON THE ROAD

JULY 8

Mississippi Chapter No. 80

Location: Jackson, Miss.

Visiting Officer: Ron Goss, CPM, President-Elect

JULY 21

Louisiana Chapter No. 55

Location: New Orleans

Visiting Officer: Chris Mellen, CPM,
Senior Vice President

JULY 22

Northern Colorado Chapter No. 17

Location: Castle Rock, Colo.

Visiting Officer: Randy Woodbury, CPM, President

AUGUST 17

Southern Colorado Chapter No. 53

Location: Colorado Springs, Colo.

Visiting Officer: Randy Woodbury, CPM, President

AUGUST 18

Tucson-Southern Arizona Chapter No. 73

Location: Tucson, Ariz.

Visiting Officer: Randy Woodbury, CPM, President

JPM RECEIVES PRESTIGIOUS DESIGN AWARD

The Journal of Property Management (JPM), was recently honored with a 2010 Silver EXCEL Award in the category of Magazine Redesign, circulation 50,000 and under. The EXCEL Awards have been presented annually for 30 years, honoring the best and brightest in association media and publishing.

"Achieving this award is truly special," said Russ Salzman, CAE, IOM, IREM executive vice president and CEO. "As the Institute carried forth a transparent process for identifying potential design firms who would best understand our audience and the publication itself. We were especially fortunate to have excellent member involvement and feedback along the way on design elements that we believe led us to this honor."

For additional information on the awards and a list of winners, visit www.snaponline.org.



COMPANY HEADQUARTERS LOCATION Burlington, N.J.

NUMBER OF EMPLOYEES 600

DATE THE COMPANY BECAME AN AMO FIRM 1/1/2010

COMPANY WEB SITE www.lsmnj.org

EILEEN YESKO, CPM®, IS SENIOR DIRECTOR OF HOUSING FOR LUTHERAN SOCIAL MINISTRIES OF NEW JERSEY, AMO®, a provider of affordable housing serving over 1300 families, seniors and special needs residents across the state. Yesko is responsible for overseeing all aspects of housing management and development for the organization. Currently this portfolio includes 18 affordable apartment communities located throughout the state, providing homes to in excess of 900 families and individuals. *JPM* talked to Yesko about Lutheran Social Ministries of New Jersey (LSM/NJ).

HOW DID YOUR ORGANIZATION COME TO DEVELOP AND MANAGE AFFORDABLE, MIXED-INCOME MARKET RATE RENTAL AND FAMILY HOUSING?

LSM/NJ began in 1903 as an orphanage, and went on to establish a home for the aged in 1923. This started the movement to provide housing. Programs and services to those in need in New Jersey continued to expand, including the creation of three additional homes for the aged in the 1940s, 1950s and 1960s. By the early 1970s LSM/NJ became involved with affordable senior housing. Major growth in the housing arena took place between 1998 and 2002 when 11 affordable rental housing properties, both for the elderly and families, were developed and opened for occupancy. Today LSM/NJ has developed 16 affordable rental properties throughout New Jersey.

WHAT TYPES OF AMENITIES AND ASSISTANCE CAN SENIORS EXPECT IN LSM/NJ COMMUNITIES?

The retirement and nursing communities developed by LSM/NJ are premier locations providing housing and services, including physical and occupational therapy, meals, activities promoting an active lifestyle, and medi-

cal services. In the affordable rental communities, service coordinators are on staff to assist residents in connecting with outside agencies to provide the same therapy, meals and in-home nurse aide services. While the services may not be directly offered in affordable housing, it should be noted that income is not an indicator of need. Sometimes extra effort is required to ensure that residents at our affordable properties receive the necessary supportive services that will allow them to remain in their homes for as long as possible. Senior care is integral to our mission.

WHAT IS THE VALUE OF BEING ASSOCIATED WITH IREM AS AN AMO FIRM?

LSM/NJ sees value in professional organizations as a resource for education, industry information and networking. Professional development opportunities for staff, recognition as an outstanding and dependable real estate management organization, and generating business opportunities are benefits of our association with IREM.

LSM/NJ RELIES ON PARTNERSHIPS. WHAT ARE THE CHALLENGES AND REWARDS OF WORKING WITH INDIVIDUALS, CORPORATIONS AND THE COMMUNITY?

For over 106 years LSM/NJ has had a strong history of caring and service, and the wide support from the various partnerships that have been formed and maintained during our history. Particularly in today's economic times, support from more than one organization is required to get a program or project completed. The primary challenge faced is coordinating the efforts of many to achieve a common goal. But when these efforts are successful, such as when a new affordable housing property is completed, the benefit is knowing that someone's life has been impacted for the better. ■

To earn the ACCREDITED MANAGEMENT ORGANIZATION (AMO) designation from IREM, a company must demonstrate a high level of performance, experience and financial stability, and have a CPM in an executive position. AMO firms must meet high ethical standards and other stringent requirements, proving their value to the industry.

JULY

RES201	July 13 – 22	Las Vegas	CPM001	August 27	New York
CID201	July 15 – 24	Honolulu	CPMEXM	August 27	New York
MKL406	July 19 – 20	Omaha, Neb.	ASM603	August 30 – 31	San Francisco
HRS402	July 21 – 22	Omaha, Neb.			
MKL406	July 28 – 29	Las Vegas			

AUGUST

ETH800	August 10	St. Louis	ETH800	July 10	Seoul, Korea
ASM603	August 16 – 17	Dallas	MKL405	July 10 – 11	Tokyo
ASM603	August 16 – 17	Oakbrook, Ill.	BDM602	July 11 – 12	Tokyo
ETH800	August 18	Parma, Ohio	MPSA01	July 17 – 18	Tokyo
ASM604	August 18 – 19	Dallas	MKL405	July 27 – 28	Tokyo
ASM604	August 18 – 19	Oakbrook, Ill.	FIN402	July 31 – August 1	Tokyo
MKL405	August 18 – 19	Las Vegas	ETH800	August 17	Tokyo
ASM605	August 20	Dallas	MNT402	August 19 – 20	Shanghai
ASM605	August 20	Oakbrook, Ill.	ETH800	August 21	Tokyo
MPSAXM	August 23 – 26	New York	FIN402	August 21 – 22	Shanghai
RES201	August 23 – 28	Memphis, Tenn.	ASM603	August 28 – 29	Tokyo
ETH800	August 27	New Orleans			

INTERNATIONAL

CPM001	July 6 – July 7	Seoul, Korea
CPMEXM	July 8	Seoul, Korea
ETH800	July 10	Seoul, Korea
MKL405	July 10 – 11	Tokyo
BDM602	July 11 – 12	Tokyo
MPSA01	July 17 – 18	Tokyo
MKL405	July 27 – 28	Tokyo
FIN402	July 31 – August 1	Tokyo
ETH800	August 17	Tokyo
MNT402	August 19 – 20	Shanghai
ETH800	August 21	Tokyo
FIN402	August 21 – 22	Shanghai
ASM603	August 28 – 29	Tokyo



FOR THE MOST UP-TO-DATE COURSE LISTINGS, PLEASE VISIT WWW.IREM.ORG/EDUCATION.

COURSE CODES KEY

ARMEXM // ARM Certification Exam

ASM603 // Investment Real Estate Financing and Valuation - Part One

ASM604 // Investment Real Estate Financing and Valuation - Part Two

ASM605 // Investment Real Estate Financing and Valuation - Part Three

BDM601 // Maximizing Profit: Growth Strategies for Real Estate Management Companies

BDM602 // Property Management Plans: The IREM Model (international only)

CPMEXM // CPM Certification Exam

CPM001 // CPM Certification Exam Preparation Seminar

ETH800 // Ethics for the Real Estate Manager

EE800 // Real Estate Professional Ethics (international only)

FIN402 // Investment Real Estate: Financial Tools

HCPEXM // HCCP Exam

HRS402 // Human Resource Essentials for Real Estate Managers

LTC401 // Housing Credits: Compliance Challenges and Solutions

MKL404 // Marketing and Leasing: Retail Properties

MKL405 // Marketing and Leasing: Multifamily Properties

MKL406 // Marketing and Leasing: Office Buildings

MNT402 // Property Maintenance and Risk Management

MPSAXM // Management Plan Skills Assessment

RES201 // Successful Site Management



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2010 IREM LEADERSHIP & LEGISLATIVE SUMMIT A SUCCESS

HELD IN MAY AT THE JW MARRIOTT HOTEL IN WASHINGTON, D.C., THE 2010 IREM LEADERSHIP AND LEGISLATIVE SUMMIT, featuring Capitol Hill Visit Day, was an exciting and educational event that gave IREM and CCIM Institute members the opportunity to meet with Congressional figures and staff to discuss important issues that affect the real estate industry. You will find highlights from this year's summit on the next few pages of this issue. For additional LLS coverage, visit www.irem.org/LLS. At the site you will find summaries and information on many of the events, including:

CAPITOL HILL VISIT DAY

With a total of 230 appointments scheduled with our legislators, IREM and CCIM Members gathered in great numbers to support the industry's legislative agenda. Download the leave-behind brochure or watch the video footage from the Hill.

KEYNOTE PRESENTATION BY JOURNALIST STEVE ROBERTS

In his remarks, Roberts shared his insider's view of the American political landscape, with historical perspectives as well as observations on the current and future political climate, plus much more. Read the highlights of his presentation.

IREM GOVERNANCE HIGHLIGHTS

Read all the highlights from the Governing Council meeting.

PROFESSIONAL EDGE SESSION: NEW REAL ESTATE MANAGER

This interactive session discussed how the role of the real estate manager is changing and why leadership skills are as important as management skills. Read the summary or download the handout to catch the highlights.

CONVERTING OLD EXPERIENCE INTO NEW KNOWLEDGE

This informal conversation featured 12 veteran practitioners who shared experience and knowledge from the savings and loan crisis of the late 80s and early 90s. Read the summary or listen to the audio recording.



IREM MEMBERS GATHER AT THE JW MARRIOTT FOR THE 2010 IREM LEADERSHIP & LEGISLATIVE SUMMIT IN WASHINGTON, D.C.

BEHAVIORAL INTERVIEWING WORKSHOP SUMMARY

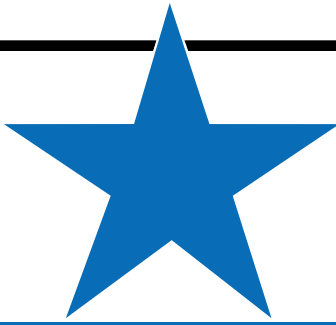
This workshop showed attendees how to use behavioral interviewing to make better hiring decisions. Read the summary to find out what you missed.

HAPPY HOUR HONORING 30 UNDER 30 CLASS OF 2009

IREM's 30 Under 30 were recognized at this casual and fun event. View the *JPM* feature that revealed which members represent the future of real estate management.

CONFERENCE PHOTOS

View over 600 pictures from the 2010 summit!



STAR CHAPTER

Education. Ethics. Excellence.

2009 Chapter Star Chapters Recognized

CONGRATULATIONS TO THE IREM 2009 STAR CHAPTERS that were acknowledged at the 2010 IREM Leadership & Legislative Summit in Washington, D.C. Ninety-seven chapters were recognized as One, Two, Three, Four and Five Star Chapters, demonstrating IREM's focus on growing membership, providing leadership opportunities and getting members involved. The Chapter Star Program reminds us of the importance of teamwork and volunteer leadership to provide worthwhile member services.



FIVE STAR CHAPTER

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FIVE STAR CHAPTERS

New Jersey Chapter No. 1
 Delaware Valley Chapter No. 3
 Boston Metropolitan Chapter No. 4
 Michigan Chapter No. 5
 Greater Los Angeles Chapter No. 6
 Western Pennsylvania Chapter No. 7
 Greater Metropolitan Washington Chapter No. 8
 Greater Cincinnati & Dayton Chapter No. 9
 St. Louis Chapter No. 11
 Nebraska Chapter No. 12
 Milwaukee Chapter No. 13
 Dallas Chapter No. 14
 Kansas City Chapter No. 15
 Maryland Chapter No. 16
 San Diego Chapter No. 18
 South Florida Chapter No. 19
 Memphis Chapter No. 20
 Sacramento Valley Chapter No. 22
 Chicago Chapter No. 23
 Indianapolis Chapter No. 24
 Greater New York Chapter No. 26
 Western Washington Chapter No. 27
 Houston Chapter No. 28
 Oregon-Columbia River Chapter No. 29
 Utah Chapter No. 33
 North Florida Chapter No. 35
 Central Virginia Chapter No. 38
 Virginia Tidewater Chapter No. 39
 Western North Carolina Chapter No. 40
 Northern Ohio Chapter No. 41
 Columbus Chapter No. 42
 Alabama Chapter No. 43
 Minnesota Chapter No. 45
 Greater Phoenix Chapter No. 47
 San Antonio Chapter No. 48
 British Columbia Chapter No. 50
 Connecticut Chapter No. 51

Southern Colorado Chapter No. 53
 Edmonton Chapter No. 54
 Louisiana Chapter No. 55
 North Carolina Piedmont Chapter No. 56
 East Tennessee Chapter No. 57
 Rochester-Western New York Chapter No. 58
 Kentucky Chapter No. 59
 Central Florida Chapter No. 60
 Austin Chapter No. 61
 West Michigan Chapter No. 62
 Iowa Chapter No. 63
 Arkansas Chapter No. 64
 Wichita Chapter No. 65
 Georgia Chapter No. 67
 Greater Nashville Chapter No. 71
 Northern Virginia Chapter No. 77
 Mississippi Chapter No. 80
 El Paso Chapter No. 84
 Greater Rhode Island Chapter No. 88
 Orange County Chapter No. 91
 West Central Maryland Chapter No. 92
 New York Capital Region Chapter No. 93
 Northern Indiana Chapter No. 100
 Southern New Jersey Chapter No. 101
 Kentucky-West Virginia Chapter No. 104
 Greater Raleigh-Durham Chapter No. 105
 Southern California Inland Empire Chapter No. 106
 Japan Chapter No. 110
 London Chapter No. 113
 Manitoba Chapter No. 114



FOUR STAR CHAPTER

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FOUR STAR CHAPTERS

Northern Colorado Chapter No. 17
 San Francisco Bay Area Chapter No. 21
 Florida West Coast Chapter No. 44
 South Carolina Chapter No. 72

Las Vegas Chapter No. 99
 California Central Coast Chapter No. 102
 Fort Worth Chapter No. 103
 Idaho Snake River Chapter No. 107



THREE STAR CHAPTER

Education. Ethics. Excellence.

THREE STAR CHAPTERS

New Mexico Chapter No. 46
 Tucson-Southern Arizona Chapter No. 73
 Northern Nevada/Tahoe Chapter No. 89
 Poland Chapter No. 108
 Russia Chapter No. 109
 Brazil Chapter No. 111
 Korea Chapter No. 112

TWO STAR CHAPTERS

Inland Northwest Chapter No. 49

ONE STAR CHAPTERS

Tulsa Chapter No. 10
 New Mexico Chapter No. 46
 Iowa Chapter No. 63
 Tucson-Southern Arizona Chapter No. 73
 Central Illinois Chapter No. 78
 Southern California Inland Empire Chapter No. 106
 Idaho Snake River Chapter No. 107
 Brazil Chapter No. 111
 South Korea Chapter No. 112
 Tulsa Chapter No. 10
 Hawaii Chapter No. 34
 San Joaquin Chapter No. 85
 Alaska Chapter No. 97



BY NANCYE KIRK

NEW IREM STRATEGIC PLAN PINPOINTS CRITICAL ISSUES FOR PROPERTY MANAGERS

WHEN IREM ADOPTED A NEW STRATEGIC PLAN AT GOVERNING COUNCIL IN MAY, a commitment was made to focus on 10 critical industry issues for real estate managers.

Not surprisingly, the current economic crisis is a theme that resonates through many of these industry issues, which were determined through a synthesis of environmental scanning, conversations with members and other professionals in the industry, secondary research, and dialogue at local, national and international levels.

Without question, the number one critical issue is the pressure being placed on property managers to achieve a positive net operating income (NOI) through **Building Operating Efficiency**. The result has been a return to the fundamentals of property management with an emphasis on expense control. This translates into rebidding supplier contracts, minimizing utility costs by creating enhanced green initiatives and overall reduction of energy consumption, as well as minimizing other operating costs without jeopardizing tenant experiences.

One of the defining characteristics of the economic downturn is the lack of **Capital Availability**, captured in

the second critical issue. This is causing investors to turn to their managers for assistance in identifying financing opportunities for capital investments and, when no financing is available, focusing on improving assets.

Given the status of the economy, property foreclosures will continue to rise. But increased foreclosures also mean opportunities for real estate management professionals who are proficient in property repositioning and **Property Workouts**, and prepared to manage the unique nature of foreclosed and receivership real estate. While some lenders are beginning to sell their nonperforming assets and distressed loans, the level of such activity appears to remain relatively low. Today, investors, are adopting a longer term perspective to avoid a repeat of the commercial real estate recession in the late 1980s and early 1990s, which saw financial institutions divest toxic assets as a result of government pressure only to go out of business.

This segues into issue number eight—increasing **Government Intervention**. In prior years, government intervention was on the IREM issue watch list. Today, the government is becoming an ever more present player in the real estate industry at all levels—local, state and

federal—in the form of more intense regulation, more rigorous rules, stiffer penalties and escalating taxes.

Issue number four, **Workforce Management**, captures the role human resources plays in managing, motivating, training and developing employees in the face of budget limitations. Despite pressure to lower operating costs during this down market, maintaining a competitive compensation package based on performance is the way that management companies will be positioned to capitalize on new opportunities. Energy and resources must be invested in a company's workforce despite downsizing, expanded portfolios, and the new demands being placed on property managers to deal with troubled tenants, reduce operating costs and manage workouts.

At the same time, the retirement of a generation of Baby Boomers looms in our future. This **Demographic Impact**, described in issue six, means that many knowledgeable property managers will soon be retired. This is exacerbated by cross-generational challenges. Knowledge is not always disseminated well throughout an organization and younger workers may lack the experience that builds corporate expertise. They also tend to change jobs more frequently, taking with them their technology savvy and knowledge they've gathered.

Technology itself is the focus of two of the critical issues—issue number three: **Technology and Marketing**, and issue number 10: **Reputation Management**.

Technology can enable a company to streamline business processes, cut out layers of operations to make the business leaner and more productive, and provide instant access to real-time data both for operating decisions and for client communications. Likewise, technology—particularly, social media sites like *Facebook* and *Twitter*—is being used to market management services and properties that are under management.

For organizations that deliver services to the public, reputation is always an essential factor in ensuring corporate success. Managing a company's virtual reputation by maintaining a positive online image and combating negative publicity is a key component of maintaining the confidence and trust of clients and tenants.

Additional tenant needs are also reflected in critical issue number five: **Tenant Demands**. Given the econo-

10 CRITICAL ISSUES

- 1 Building Operating Efficiency
- 2 Capital Availability
- 3 Technology and Marketing
- 4 Workforce Management
- 5 Tenant Demands
- 6 Demographic Impacts
- 7 Property Workout
- 8 Government Intervention
- 9 Sustainability
- 10 Reputation Management

my, many tenants are demanding concessions and lease restructuring. Most managers of multifamily, retail and office properties must deal with these requests. But concessions can often do more harm than good. They may stabilize occupancy levels, but if sufficient revenues are not generated, they can erode the value of the property.

Tenants are also demanding more services in terms of Internet availability and ultimately utility usage. Retailers are seeking more marketing support to drive shoppers to their stores. Office users that have downsized their staffs want to renegotiate their leases and give back space.

Likewise, many tenants look to live or work in “green” buildings—structures that are built or managed in ways that are environmentally responsible and energy efficient. Critical issue nine: **Sustainability** recognizes that green initiatives offer a competitive advantage, are relatively low cost and result in operating cost savings. Property owners are quite supportive of sustainability efforts such as switching to compact fluorescent lighting, using low-flow shower heads, cleaning filters regularly and using environmentally friendly cleaning products. But with the lack of available capital to finance improvements, and with the decline in property values overall, owners generally are less receptive to major capital improvements to support more sustainable structures.

Defined by the current hardships of the economy, many critical issues will impact property managers for the foreseeable future. From building operations, to financing capital improvements, to demographic shifts in the workplace, the new strategic plan for IREM acknowledges and addresses these concerns as the real estate management industry heads toward 2011. ■

NANCYE KIRK IS VICE PRESIDENT OF STRATEGIC INITIATIVES AT IREM.

IREM FOUNDATION AWARDS MEMBERS FOR DISTINGUISHED CONTRIBUTIONS



VISIT WWW.IREMFUNDATION.ORG TO FIND OUT MORE ABOUT THE IREM FOUNDATION AND TO DOWNLOAD NOMINATION FORMS.

2010 IREM LEADERSHIP & LEGISLATIVE SUMMIT

BEVERLY ROACHELL, CPM, AND STEVE EASTON, CPM, ACCEPT AWARDS FROM IREM FOUNDATION PRESIDENT, EDWARD H. BOUDREAU, JR., CPM.

THE IREM FOUNDATION HONORED STEVE EASTON, CPM®, WITH THE 2010 LLOYD D. HANFORD, SR. DISTINGUISHED FACULTY AWARD AND BEVERLY ROACHELL, CPM, with the 2010 Louise L. and Y.T. Lum Award, at the 2010 IREM Leadership and Legislative Summit in May.

The Lloyd D. Hanford Sr. Distinguished Faculty Award is presented to a member of the IREM faculty who has exemplified extraordinary dedication to the educational process and the advancement of knowledge in the property management profession. The award was established by the IREM Foundation in recognition of the importance of education to the real estate management profession. The award commemorates the direct contributions of Lloyd D. Hanford, Sr., one of the institute's early national presidents and a founder of the IREM real estate management education program.

One enduring legacy of IREM Past President Y.T. Lum is the Louise and Y.T. Lum Foundation,

named for Y.T. and his wife. Through this Foundation, the Louise L. and Y.T. Lum Award was established within IREM in 1975 to recognize those who made a distinguished contribution to the real estate management profession.

The IREM Foundation recognized its first professional recognition award recipient in 1971 and has continued to honor outstanding individuals who make valuable contributions and are truly dedicated to the real estate management profession. The objective of the awards program is not only to recognize those who do contribute, but also to encourage others to make similar contributions to the profession. While we continuously seek to honor IREM Members, nominees do not have to be members of the institute.

Nominations may be submitted to the Foundation anytime throughout the year by Nov. 30. When accepted, the award is typically presented during the IREM Leadership and Legislative Summit.



ETHICS BOARDS ACTIVE AT 2010 IREM LLS

The **Board of Ethical Inquiry** reviewed three new complaints. Two complaints will be forwarded for hearing. The first complaint alleged conflict of interest for using a company vendor for a personal project. The second alleged stealing business by soliciting the firm's clients while still employed by the firm. The third complaint charged a CPM® with making misleading comments concerning a fellow CPM Member's business practices and was dismissed as no probable cause of violation of the IREM Code of Professional Ethics was found.

The **Ethics Hearing and Discipline Board** conducted three hearings. In the first hearing, a CPM Member charged another CPM with misrepresenting his broker status. The Respondent was also alleged to have been denied renewal of his broker's license for falsifying an application regarding the completion of required continuing education hours. The Respondent stated that failure to provide additional requested information, which resulted in the license not being renewed, was not a basis for ethical sanction. The Respondent attended the hearing but the Complainant did not. The Hearing Board found the Respondent not in violation of the Code.

In the second hearing, the board of directors of a cooperative charged a CPM with breach of confidentiality and disloyalty. The Respondent was alleged to have given a list of renters' contact information to unit owners, enabling owners to directly solicit renters instead of having the renters go through the cooperative. The complaint included letters from renters who were concerned that the distribution of their addresses and the dates they would be out of town, constituted a breach of privacy.

After questioning the employees in the rental office, the Respondent found there was no proof that a list of renters existed. The Respondent stated that without the alleged list, there was no basis for a complaint. The Respondent attended the hearing but the Complainant did not. No violation was found.

In the third hearing, the president of a homeowner association (HOA) brought a complaint against the CPM owner of a property management firm, alleging failure to provide accurate and auditable financial records. The Complainant also alleged a vendor submitted invoices to the management company which were not presented to the HOA, and that the management company prepared its own invoices, adding unauthorized and undisclosed service fees. In a written response, the Respondent stated the Board disregarded the procedures established by the company that were in place to safeguard them against mismanagement of funds and unqualified contractors.

Neither party attended the hearing. The Hearing Board found the management agreement between the firm and the HOA did not disclose the added service changes. Because of the lack of disclosure, the Hearing Board found the CPM in violation of the articles of the Code having to do with loyalty to client, accounting and reporting, and conflict of interest, and voted to terminate membership status. The Respondent has the right to file an appeal.

Career Moves



Fred Dean, CPM®, has been appointed Business Development Manager for Drucker & Falk's multifamily fee

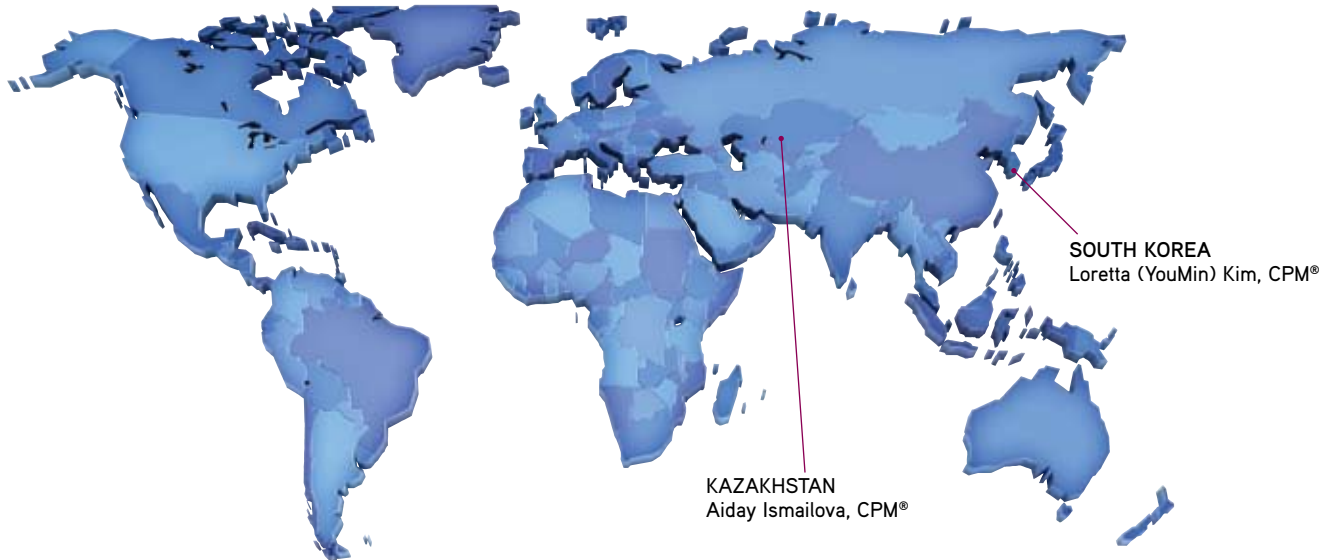
management and related services. Dean has over 30 years of multifamily management and development experience. A Drucker & Falk associate since 1977, he has served the firm as both a regional property manager and director of Development.

In his new role, Dean will assess multifamily fee management opportunities throughout the Mid Atlantic and Southeast regions of the United States, and will organize proposal and presentation efforts in response to requests from potential management clients.



Beau Beery, director of commercial brokerage and asset management at AMJ, inc., recently

earned his **CERTIFIED PROPERTY MANAGEMENT (CPM)** designation. Beery also earned the **Certified Commercial Investment Member (CCIM)** designation in 2006. There are less than 800 real estate professionals in the world who have achieved both the CPM and CCIM designations.



IREM INTERNATIONAL MEMBERS DISCUSS UTILITY BILLING

The process of utility billing can vary greatly by nation. Based on their experiences, some of our international IREM Members shared their thoughts on utility billing in their respective countries.



SOUTH KOREA

Tenants pay the utility expenses separately from the rental fee in Korea. Commercial and residential properties use different billing systems. The main difference is how expenses are managed and how they are billed to individual units.

A building gauge, floor gauges and individual gauges of electricity, gas and water are installed in all buildings. The cost is divided among the tenants after determining each tenant's use of space and utilities. The fee for common spaces is divided equally amongst tenants, based on the portion of the building they occupy.

For most commercial buildings, the total utility bill includes electricity, gas and water, as well as common space expenses and unique individual expenses. Each tenant has only one bill for all utilities.

Just like commercial buildings, residential properties receive a bill from the management office of the building for total utilities, including common and individual expenses. However, residential units are also billed separately for individual gas consumption from the Korea Gas Corporation (KOGAS).

There is a recent trend in commercial property management to expand electricity equipment for safety reasons and to reduce gas consumption. For example, many commercial buildings have restaurants, coffee shops and hair salons, all of which use gas for cooking and heating. There is risk of smoke damage from the ventilator of a ground floor restaurant spreading to other units within the building. Although this is simply a facility problem, property managers of the building waste time issuing insurance claims because of smoke damage. Many owners and property managers recommend using electricity



instead of gas to mitigate this risk.

If there is no use of gas, the billing process is simplified. The facility management fee is reduced. The insurance amount is not necessarily affected, as electricity also poses other risks such as fire or electric shock.

Loretta (YouMin) Kim, CPM®, director general of the Green City Institute, GreenCode Co., Ltd.



KAZAKHSTAN

In Kazakhstan, the billing system has been changing drastically since early 2000. Before then, 90 percent of residential properties had no individual meters for hot and cold water consumption, and consumption was paid based on statistically calculated averages, usually per person. Today this has changed countrywide and currently 90 percent of residential properties are billed by meter for hot and cold water, sewage and electricity.

The billing of heating, however, has not changed. The cost is based on the size of the apartment (per square meter). This type of billing is quite problematic in some of the regions of Kazakhstan. The average cost of heating per square meter is calculated by the heating company and this cost is not always transparent. The state bodies regulate the activities of utility companies, which has created the perception of a natural monopoly. The rate per square meter for heating typically cannot be challenged.

Commercial real estate has been experiencing dramatic changes in the last two years. Previously, tenants were billed for so-called "operating expenses," a fixed amount per square meter that is calculated by taking the total cost of managing the property, including services and utilities (except electricity consumed in the tenants' area), and divided by the total rentable area. Due to an increased cost of utilities, many property owners have separated variable components from the operating expense fee per square meter. Today, tenants pay fixed amounts for building services; electricity is paid based on meters installed in their areas. Electricity consumed in common areas of the building is billed based on shares of each tenant in the building, and hot and cold water consumption is billed based on shares of each tenant. Although this approach is more transparent than the previous approach, it is still not ideal in terms of fairness. Some major property owners are considering installing meters for every utility that can be measured. This trend shows that Kazakhstan is striving to adopt modern billing systems to secure efficiency and increase transparency of utility costs.

Aiday Ismailova, CPM, head of Commercial Real Estate Department, MG Properties

JPM ARTICLES TRANSLATED

IREM translates one article from each issue of *JPM* into eight languages. You can find translations of the latest feature, as well as past articles, by visiting the links below.

Español (Spanish) Para los artículos en español, visite www.irem.org/international/spanish/intro.cfm.

Français (French) Pour les articles en français, visitez www.irem.org/international/french/index.cfm.

Русский (Russian) Для статей на русском языке, посетите www.irem.org/international/russian/index.cfm.

Wersja Polska (Polish) Artykuły w języku polskim można znaleźć www.irem.org/international/Portugese/index.cfm.

Português (Portuguese) Para artigos em Português, visite www.irem.org/international/Portugese/index.cfm.

한국어 (Korean) 한국어 기사는 www.irem.org/international/korean/index.cfm 에서 보실 수 있습니다.

日本語 (Japanese) 日本語の記事は、www.irem.org/international/japanese/index.cfm をご覧ください。

中文 (Chinese) 若要看文章的中文国语翻译,请点击www.irem.org/international/Chinese/index.cfm.





WHERE THERE'S A WILL, THERE'S A WAY

IREM Members Champion the IREM Foundation Giving Program, Legacy of Leaders

EVERYONE NEEDS A WILL. Everyone who owns property, has investments or savings, has dependents, and wants to remember a charity, needs a will.

Thousands of charitable organizations are helped each year by bequests. Bequests, gifts of life insurance and gifts of IRA assets provide future funds for charitable organizations like the IREM Foundation.

The following IREM Members have made provisions in their estate plans to benefit the IREM Foundation:

- Malcolm W. Bates, CPM®
- Edward H. Boudreau, CPM
- Robert O. Click, CPM
- Jo Anne Corbitt, CPM
- W. Alan Huffman, CPM
- Victoria R. Parmentier, CPM
- Beverly A. Roachell, CPM
- Russell C. Salzman, CAE, IOM

LEGACY OF LEADERS' TESTIMONIALS



"IREM has played a significant role in my professional career. The knowledge I have gained and the contacts I have made over the years through my association with IREM have been extremely valuable. It is appropriate that I should remember IREM through planned giving to the IREM Foundation."

-Malcolm W. Bates, CPM

"For my family, the choice and logic of making a gift to the IREM Foundation was easy. I received my CPM designation about 25 years ago and since that time I became gradually more involved with the Institute—first at the chapter

level, then later with our national office. Along the way, I consistently received more than I gave from IREM. In fact IREM has been at the nexus of virtually every major change in my business career. This business of property management has been very good to my family and we have been blessed with many benefits. I am 100 percent sure that my family would not be where we are today without the benefits, education and associations provided by the Institute of Real Estate Management. How could one not contribute? What better way to extend a hand so that others may follow your path?"

-Edward H. Boudreau, Jr., CPM, IREM Foundation President



"IREM was a very important factor in my career development as a real estate management professional. IREM educational classes, the CPM designation, as well as our local chapter and national meetings, gave me the opportunity to meet other professionals and clients in the industry. This exposure had a significant impact on the growth of my career and business. My decision to remember the IREM Foundation through a planned gift is a way I can give back to the organization that helped me and pave the way for others starting a career in real estate management."

-Robert O. Click, CPM

"Providing a gift to the IREM Foundation in this manner allows me to contribute in a more significant way than might otherwise be possible."

-Jo Anne Corbitt, CPM



“My decision to remember the IREM Foundation through a planned gift is a way I can give back to the organization that helped me and pave the way for others starting a career in real estate management.”

—ROBERT O. CLICK, CPM®



“It was an easy choice to include the IREM Foundation in my estate planning, knowing that whatever I could give would help future managers to become even better in the profession which has been so good to me.”

-W. Alan Huffman, CPM

“This was an easy decision for me. IREM has provided me with life changing experiences that go beyond the IREM educational opportunities. I’ve made lifelong friends. Being able to leave an estate bequest to the Foundation that may change someone else’s life...priceless.”



-Victoria R. Parmentier, CPM



“As IREM CEO and Foundation Executive Director, I know firsthand that the collaborative environment between our two organizations is as strong as ever envisioned. It is with confidence that I have named the IREM Foundation as a beneficiary in my 401(k). While the amount is not that large, I do feel proud to be considering the work of the foundation and intend to increase the allocation over the years!”

-Russell C. Salzman, CAE, IOM, IREM Executive Vice President and CEO

Your bequest will allow the IREM Foundation the ability to move beyond immediate needs and focus on a longer term and coherent plan for what the organization would like to achieve many years from now.

Planned gifts come in many shapes and sizes. For example, a donor can designate the IREM Foundation as a “beneficiary” (a future recipient) of retirement account

funds or a life insurance policy, and the list goes on and on.

The IREM Foundation has a “planned giving” program known as Legacy of Leaders. This program is set up to provide for bequests to be made to the IREM Foundation from the estates of IREM Members.

Bequests are a nonthreatening (in that they are revocable) and easy-to-understand way to make a significant gift to charity—something donors may not be able to do with current cash.

GIVING MADE EASY

The easiest way to support the IREM Foundation is to include us in your estate planning documents. If you have a desire to do any of the following, then making a bequest is right for you:

- Give back to the Institute of Real Estate Management
- Reduce the payment of taxes
- Make a larger, longer-term impact with your gift

If you have named the IREM Foundation as a beneficiary in your estate plan, or if you are making plans to do so, please let us know by submitting an Estate Intention Letter. Download the letter from our Web site at www.iremfoundation.org.

We would like to include you in the IREM Foundation Legacy of Leaders as one way of demonstrating our appreciation. Legacy of Leaders members are listed in our annual report and receive special invitations from time to time.

To learn more about your planned giving options, request a copy of the *Planning Strategies* brochure by calling (800) 837-0706, ext. 6008 or e-mailing foundation@irem.org. As with any decision involving your assets, we urge you to seek the advice of your professional counsel when considering a gift to the IREM Foundation. ■



INTRODUCING IREM iCon! The New Fall Conference Promises A Unique and Fun Experience for Members

It's new. It's fresh. It's all about you.

IREM iCon is more than a conference; it is the ultimate culmination of all the learning and networking experiences you encounter every day as a member of the Institute. Whether you attend an IREM course, webinar or chapter meeting; participate in an IREMFIRST community; serve on a committee or board; or simply look forward to reading the newest issue of *JPM*; attending IREM iCon will enhance your member experience like never before.

As an attendee of IREM iCon, you will receive **LASER-FOCUSED EDUCATION**. The knowledge you will gain from industry experts, professional speakers and peers will be specific and relevant to what you—the real estate management professional—need to excel in today's market.

IREM iCon will also offer you abundant and accessible **KNOWLEDGE OPPORTUNITIES**. The conference will include discussions and sessions on:

- Building Your Brand through Stellar Customer Service
- Marketing Strategies and Tactics Using Social Media and the Internet
- Capital Markets Overview
- A Look at Troubled Assets through Multiple Lenses
- Meeting the Challenges of Changing Tenant Demands
- Return on Equity Analysis
- Managing Client Relationships and Expectations
- Sustainability Retrocommissioning

As an IREM Member, you are part of an influential community that believes in the power of knowledge and in the importance of sharing it. IREM iCon gives you the opportunity to **MAKE CONNECTIONS** by engaging in this

community. You will experience a variety of special events that have been designed to enhance the natural camaraderie, spirit and FUN that is always present when IREM Members gather, including:

- The Joe Aveni Open Golf Tournament (benefitting the IREM foundation) on the spectacular Rees Jones designed course.
- The IREM Foundation "Party With a Purpose" in the Hilton's swanky Zeta Bar.
- Epcot International Food & Wine Festival at Epcot Theme Park—an epicurean extravaganza for IREM foodies.
- iChill...An After-Dark Party—a cool place to hang with IREM friends and your family.

A first-class conference like IREM iCon could only be held at a world-class destination. The Hilton Orlando Bonnet Creek is a newly opened, magnificent hotel, located in a private natural setting on 482 acres in Orlando. As part of Hilton's largest development in history, the hotel is adjacent to the first-ever newly built Waldorf-Astoria outside of New York and offers impeccable service and unlimited amenities, including a European Spa by Guerlain, a 24-hour complimentary fitness center and the famed Hilton Kids Club. Visit www.hiltonbonnetcreek.com for more information and to make your guest room reservations. Use Group Code ZIREM to obtain the IREM group rate of \$209 single/double occupancy.

IREM iCon will take place October 19-23 in Orlando. For more information about IREM iCon, including registration, conference schedules, educational offerings, networking events and a video on what you can expect from this unique experience, visit www.IREMiCon.com.



"IREM iCon is where the industry's most valuable credentials meet the most valuable education, to serve the most valuable asset—YOU! This is our time."

—O. RANDALL WOODBURY, CPM® 2010 IREM PRESIDENT