

## WHEN PAYING CONTRACTORS: TIME IS MONEY

**THERE'S A DIRECT TRANSLATION** to the cliché "Time is money" that can go straight into an owner's pocket, according to Joy Anzalone, Executive Vice President and Chief Operating Officer for Cleveland-based Burton Carol Management.

By paying her contractors promptly, Anzalone says she saves as much as 10 percent on already negotiated low pricing for suite painting and up to 20 percent on special projects, for example.

"I'll get my three bids, choose one, and then ask for further discount, promising that I'll pay them promptly," says Anzalone, a panelist for the MFE Conference in October. "When you promise that you'll pay in 15 days or less and deliver on your word, the contractors love it, and you build loyalty. There's nothing better than having loyal and happy contractors." Of course, you must be fair and mindful in what you agree to pay them because these contractors need to make a living too, she notes.

Anzalone, who operates 25 communities in Ohio, Florida and Michigan, says she will pay a portion of the work (up to 50 percent) ahead of time to local contractors with whom she has done business for years and has a track record.

"They appreciate getting paid early because they can use it to buy their supplies or to hire workers, and we then get the benefit of a great deal," Anzalone says. "It is a win-win."

Burton Carol processes pre-arranged invoices with contractors and suppliers who have agreed to special pricing within 10 to 15 days of receipt, Anzalone says, which gives her staff enough time to inspect the work or materials and make any necessary corrections.

"Staying current with expenses is critical to accurate budgeting and yearly accounting," she says. "There is nothing worse than finding out at the end of the year that a company had failed to invoice you for goods or services and then does a fast catch-up, which can distort a month completely." —NAA's Paul Bergeron

## Collecting Lease Breach Fees Helps Boost Bascom Group's NOI

**REDUCING** expenses and enforcing lease breach fees has helped private equity company The Bascom Group experience significant year-over-year improvement in its net operating income in the period ending August 2010.

The Bascom Group, based in Irvine, Calif., owns approximately 30,000 units in the United States, with a little over 8,000 units in Colorado and Utah. There, according to its Vice President, Operations, Paul Diamond, it collected \$250,000 in lease breach fees from residents over the past 12

months. Fees were assessed to residents for a multitude of reasons, including early lease termination, non-sufficient funds (NSFs) and Service of Notice fees.

These same site teams also collected more than \$1 million in late fees over the past year, representing a 14 percent increase from the year-earlier period.

"Rather than searching for new revenue streams we focused our efforts on the enforcement of old ones with our operators," Diamond said.

Apartment Management Consultants

(AMC), which manages most of Bascom Group's Utah and Colorado portfolio, strictly enforces these fees, Diamond said.

"Every lease will have breach fees written in, but not everyone collects on them," said Diamond, speaking at the MFE Conference in October. "AMC really stays on it."

Breach-fee language varies based on the owner and applicable state regulations. —NAA's Paul Bergeron



Paul Diamond

## Vail Awarded 2011 Megan McCadden Leadership Lyceum Scholarship



Sherrin Vail

**SHERRIN VAIL**, NALP, CAM, Regional Property Manager, Avesta Housing, Portland, Maine, will be awarded the Megan McCadden Leadership Lyceum Scholarship at NAA's Assembly of Delegates in November in Indianapolis.

Vail was instrumental in forming the Maine Apartment Association in 2006 and has served as its President for more than four years.

As a member of the Landlord/Tenant Working Group for the State of Maine, Vail advocated for legal revisions about abandoned property, foreclosure, environmental lead

hazards and residential energy efficiency. Vail also drafted, presented and advocated new legislation developed for bed bug treatment.

The NAA Leadership Lyceum works to identify and develop a well-informed and highly motivated group of emerging multi-family housing leaders, people with a broad-based vision for and strong commitment to the mission and strategic objectives of NAA and its affiliated associations.

This scholarship is in memory of Megan McCadden, Senior Vice President of Operations, WestCorp Management Group, Dallas. McCadden volunteered her leadership in industry trade associations and local community service organizations and graduated from NAA's Leadership Lyceum program.