



DIY REAL ESTATE SOLUTIONS

The Leading Property Management Software for the Web

NEWS YOU CAN USE

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INDUSTRY INSIGHTS *Collections Count*

What You Don't Know About Your Collections Company Can Cost You Money

By Irv Pollan, President, NCC Business Services

In this tight economy, it's more critical than ever to have the right collections company working for you. If you've been using the same agency for a while, it may be time for a review. There are some important questions you should ask to ensure you're receiving the most income returned possible to your bottom line.

What's their "liquidation percentage"? The liquidation percentage is, of course, the percentage of debts an agency collects – and it's a crucial measure of their success. Don't assume that because you get some money back each month, that your agency is doing a great job for you. (Maybe they could be doing better!) Looking at the amount collected is not nearly as important as the overall percentage. Review your results often, compare trends, and then ask questions about what you see. Use that to compare companies or begin your review.

Can they help you enforce your processes? If you have staff submitting information to your collections agency for you, electronic systems give you important oversight. An automated, online collections systems will make it easier for your staff to submit information and easier for you to see how often they are doing so. Anecdotally, at our collections agency, we have seen that when an organization automates collections, the number of requests submitted increases significantly. Suddenly the busy office staff aren't forgetting or losing paper submissions.

Online systems make it easier to keep track of accounts and stay organized. Ultimately, your data is easily accessed and more accurate; you can trust what you see.

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Can they integrate with your property management system? It's simple: get your collections requests submitted faster and you'll increase the likelihood of collecting. Being able to transfer data seamlessly from your property management system to your collections agency jumpstarts the process. This is important because after six months, the likelihood of collecting a debt is substantially reduced.

With the DIY system, for example, data is transferred instantly to our collections agency so collections procedures can begin immediately. It also improves accuracy and allows for more complete reporting.

Is compliance important to them? *Is your agency licensed to collect debts out of state?* Some states require licensing before you can collect in their state so if you have a lot of tenants who may cross state lines – you live close to a state border, you have a lot of college-age tenants, etc. – you may want to consider a national agency with in-depth knowledge of licensing requirements. Otherwise, your agency's mistake can leave you open to a lawsuit.

Are they bonded? Make sure your collections agency has a surety bond from the American Collectors Association. This is liability insurance that covers you if your collections agency breaks the law on your behalf. It's an added safeguard that helps protect your business.

Do they welcome questions? Last but not least, never be afraid to ask. Be sure you understand the reports you are getting. Find out what you can do to help improve your own collections rate. Question what improvements they are making to survive the current economy. If they can't help or don't have time to answer, then it's *really* time for a review.

Look for more tips from industry experts in future issues of News You Can Use. Then start your review of DIY's integrated debt collections services at http://www.diyresolutions.com/debt_collections.htm.



QUICK TIPS

Global Market Rent Updates

Adding a new property? Just getting started? Or maybe you want to quickly make global changes to your market rents. Then the Market Rent page on the Property Setup submenu can be of help.

If you're just getting started on DIY, you can enter your unit information a little faster by leaving the market rents blank on the Units page and then using the Market Rents Update page to let DIY enter them for you by selecting a specific property, or unit type and entering the flat amount.

If you're modifying your market rents, you can select the property or unit type and then quickly increase or decrease the current market rent by an amount (see example below) or a percentage. Amenities, square footage and recent rents are listed to assist you in this process.

The screenshot shows a web application interface for updating market rents. At the top, there are navigation tabs: Home, Leasing, Property Management, Transactions, Reports, and Setup. Below these are sub-tabs: Properties, Categories, Vendors, Owners, Agents, Company, Users, Other, Web, Forms, and Schedule. The main content area is titled "Unit Market Rent". It features a form with the following fields: "Property:" (Maple Avenue), "Unit Type:" (All), and a "Load Units" button. Below this, there are three radio button options for "Update Market Rent by": "Dollar Increase/Decrease" (selected), "% Increase/Decrease", and "New Amount". A "Calculate" button is located to the right of these options. Below the form is a table with the following columns: Unit, Unit Type, Amenities, Sqft, Current/Previous Rent, Market Rent, and New Market Rent. The table contains five rows of data for units at Maple Avenue.

Unit	Unit Type	Amenities	Sqft	Current/Previous Rent	Market Rent	New Market Rent
Maple Avenue, Unit 1	1 Bedroom, 1 Bath	Amenities	0	\$1,220.00	\$0.00	\$0.00
Maple Avenue, Unit 10	3 Bedroom, 2 Bath	Amenities	0	\$0.00	\$0.00	\$0.00
Maple Avenue, Unit 11	Studio	Amenities	0	\$1,000.00	\$0.00	\$0.00
Maple Avenue, Unit 12	Studio	Amenities	0		\$950.00	\$950.00
Maple Avenue, Unit 2	2 Bedroom, 1 Bath	Amenities	1152	\$650.00	\$0.00	\$0.00



FEATURE FOCUS

Take Control of Credit Screening

DIY has made it incredibly easy to run credit and criminal checks on all of your applicants. Just enroll in our credit screening service, complete the quick setup (it's only two fields!) and you're ready to receive screening results in mere seconds with the click of a button. This includes instant access to important information about payment history, credit-worthiness, and criminal background.

This service is provided by our partner, Credit Retriever, and is fully integrated with your DIY data. This seamless integration uses the applicant information you've already entered, which saves you time and improves accuracy. What's more, screening results are stored automatically with each applicant to help you make better leasing decisions.

Credit Retriever is a leader in credit screening services and offers a scoring model designed specifically for residential property management as well as access to the nation's largest criminal database. Ready to take the next step? Contact us for information on how to activate this powerful feature!



NEW ON YOUR SCREEN

Choosing Your Accounting Method

DIY now offers the ability to produce financial reports for three different accounting methods: cash, accrual, and modified cash. (Formerly, modified cash basis accounting was the only option available in the system.) You will see this new option, called *Accounting Method*, on all financial reports as well as on the Monthly Owner Statement.

The screenshot shows the 'Profit and Loss' report interface. At the top, there are navigation tabs: Home, Leasing, Property Management, Transactions, Reports, and Setup. Below these are sub-tabs: All Reports, Rent Roll, Delinquency, Vacancy, Unit Status, Profit & Loss, and General Ledger. The main area is titled 'Profit and Loss' and contains several input fields: 'Select By:' with a dropdown set to 'Property' and an unchecked 'Include Inactive Properties' checkbox; 'Starting Date:' with a dropdown set to '7/1/2009'; 'Analysis Column:' with a dropdown set to 'Percentage'; 'Selection:' with a dropdown set to 'All Properties'; 'Ending Date:' with a dropdown set to '7/31/2009'; and a checked 'Consolidate Properties' checkbox. An 'Accounting Method:' dropdown menu is open, showing four options: 'Modified Cash' (selected), 'Accrual', 'Cash Basis', and 'Modified Cash'. A 'View Report' button is located to the right of the dropdown menu.

With **cash basis accounting**, income is reported when you receive payment instead of when you bill your tenants. Expenses are reported when you pay bills, not when you receive them. With **accrual basis accounting**, income is reported when you bill your tenants instead of when you receive payment. Expenses are reported when you receive your bills. In order to take full advantage of the accrual method, you'll need to enter your invoices into the system using the Enter Bills page on the Payables submenu, found on the Transactions menu. To pay your invoices, use the Pay Bills page on the same menu.

Modified cash basis accounting and is almost the same as cash basis accounting. The only difference is when income categories in the Gross Potential Rent category group are billed, they are reported as income. This method allows you to see what your total rental income potentially can be and then see what reduces it (vacancies, concessions, receivables). Non-Potential income categories and all expenses are treated as they are when using cash basis accounting.

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