

“Applications” Skill Checks

Use these questions to understand how to extract key issues and apply potential solutions that will be similar to the Part II CAM exam.

Present Condition Sample 1:

A new property in the neighborhood is in lease-up. This is the first new product to the area in years. Your property has always competed well with other apartment communities, but now the pressure is on. The market so far has been strong with increasing occupancies and rents. Your owner likes to take advantage of other properties raising rents first and then your property quickly follows.

1. What are the overall issues?
 - The market position
 - The competitive condition of our physical product
 - First impressions of property and staff
 - Staff skills must be excellent
 - Level of resident satisfaction
2. List the market issues
 - What are market occupancies and rental rates?
 - Are our market surveys current?
 - How is business in the neighborhood?
 - Are there plans for any roadwork, other new construction?
3. What areas of the physical property need to be addressed?
 - Curb appeal must be maximized
 - Enhance landscape as an option
 - Consider paint touch-up
 - Consider a multi-level unit upgrade program
 - Conduct a full unit type comparison with new product.
4. Assess first impressions
 - Office environment is exceptional
 - Signage and attention-getting street side displays
 - Assess website and ILS ads for AIDA
 - Models or show units are perfect
 - Community amenities are in excellent condition
 - Collateral is of good quality and available

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5. Assess staff performance
 - Leasing performance evaluated through shops and observation
 - Review operations reports for closing ratios, renewals, etc.
 - Staff is appropriately attired with professional conduct
 - Phone appointments are being set
 - Electronic sources are monitored hourly
 - Tours include all amenities

6. Assess reputation and customer satisfaction
 - Determine what residents think of the service
 - Consider a satisfaction incentive or contest
 - Use surveys, “likes”, Google alerts to monitor and seek satisfaction opinions.
 - Conduct applicant surveys post visit

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Present Condition Sample 2:

The third quarter is complete and year-to-date financials reflect significant negative variances in operating expenses. Income levels are within acceptable variance range. Your team has not earned the NOI incentive bonus all year and now the asset manager is looking for answers. As the year ends, it will be critical that the property get back on track and close the year with as little negative expense variance as possible.

1. What are the overall issues?
 - Operating expenses are excessively over budget
 - Income is within budget range
 - Staff is missing their incentive pay
 - Asset manager is pressuring for correction by yearend
 - If we can't get expenses under control, can we improve income to at least meet NOI budget.

2. Identify operating expense overages
 - What categories are over budget; which are under
 - Identify and explain any significant "surprises" in operating expense
 - Evaluate purchasing practice
 - Compliant with rules?
 - Who is purchasing?
 - Using authorized vendors and supplies?
 - Write an action plan to confine spending

3. Review performance to income budget
 - Identify any opportunities to increase positive variances
 - Identify negative variances that can be halted
 - Double check ability to raise market rents
 - Ensure renewals are being increased accordingly
 - Confirm fees and penalties are being properly charged and collected

4. Ensure staff is informed and engaged
 - Conduct team meeting regarding expense overages
 - Ask for ideas to hold expenses
 - Explore reasons for excess spending
 - Engage leasing team in income building
 - Reconfirm access to bonus dollars

5. Engage asset manager
 - Meet with asset manager to identify wants and needs
 - Involve staff in bigger picture of portfolio needs
 - Communicate frequently as to ongoing status

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Present Condition Sample 3:

The property owner is concerned with the 90-day trend and the low property closing ratio. A large percentage of prospects have leased at neighboring communities who have upgraded interiors yet comparable rent. The leasing team claims they are having a hard time overcoming objections to old countertops and appliances. **What areas would you evaluate?**

- Staff Training
- Role play objection handling
- Why aren't we closing?
- Competitive advantages
- Save the "trending" move-outs
- Follow up intensifies
- Focus groups with long term residents

Present Condition Sample 4:

The community amenity package includes 24-hour concierge service, 24-hour self-serve coffee bar, 25,000 sq. ft. state-of-the-art exercise center and lap pool, movie theater, community sundeck and barbecue area and community garden. The owner wants to begin to charge an amenity fee for residents. What are the issues here?

- High end services are an advantage
- Do you have any competition?
- What are they charging?
- How frequently are they used?
- Resident surveys on use
- Is it legal?

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Present Condition Sample 5:

A few market comparables have invested heavily in exterior renovations. **How would you analyze if your property should do the same?**

- Market survey update
- Economic update for area
- Seasonality of traffic
- What is pricing track record?
- Could you get more rent?
- Why are you losing applicants and residents?
- Which renovations work best?
- Do the same or go in new direction?

Present Condition Sample 6:

Which applicant screening policies should be considered for change in order to increase the quality of the resident profile?

- Rent to debt ratio
- Rent to income ratio
- Credit ratings
- Include foreclosure, BK, student loans, medical?
- How is competition screening?
- Legal roadblocks to consider?

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Present Condition Sample 7:

Happy Hills closed out the year at 8.1% delinquency, 14.5% vacancy, 50% team member turnover, and a 70% resident turnover. The property did not achieve its budgeted annual total income and exceeded budgeted total operating expenses by 10%. What questions would you ask?

- Why aren't there collections?
- Why are residents moving out?
- Why don't prospects lease?
- Why did employees leave?
- Who is authorizing spending?
- Are there supervisory problems?
- Are team members trained and motivated?
- What are the screening criteria?
- Does it encourage short term leases?
- Are concessions in use?
- Should they be?

Present Condition Sample 8:

Your property offers the same amenities, comparable rents, and larger overall units than one of your competitors. But your vacancy rate is 10% and your competitor's is 5%. **What steps might you take to find out how to solve?**

- Thorough, new market survey
- Focus group with long term residents
- Find competitive advantage
- Why did residents move out?
- Check with leasing staff for feedback
- Perform market outreach
- Consider employer discount programs
- Undercover shop others

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Present Condition Sample 9:

Of the 10 upcoming notices to vacate, 8 have expressed dissatisfaction with the property as the primary reason for vacating. **How might you respond?**

- Move-out surveys
- Personal visit from manager
- Check with maintenance team for feedback
- Pull resident files and study for tips
- Ask what would keep them
- Ask staff for any clues they had anything was wrong
- Property-wide resident survey

Present Condition Sample 10:

A community is located in a hidden spot off of any main roads. What would you consider for directing prospective residents to your location?

- Consider alternate marketing methods
- Focused outreach programs
- Preferred employers
- Sell the “hidden”
- Ramp up online marketing
- Signage

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Present Condition Sample 11:

At XYZ Apartments, all utilities are included in the rent. The property manager has recommended to the owner that every toilet and shower head be retro-fitted. What factors are involved in this decision?

- Are other properties doing this?
- Is this a competitive advantage?
- Are funds available?
- Pay back calculation to be completed
- Show cost reduction to owner
- Can you start a “green” program?
- What other water-saving can be done?
- Does this change marketing?
- How will you make this change for current residents?

Practice Identifying Issues

List possible problems or issues that could be causing these conditions.

1. Operating expenses exceed budget

- Poor purchasing strategy
- Failure to use company approved vendors
- Poor maintenance skill sets
- No purchasing rules or policies
- Any and every one can order
- Poor or no preventive maintenance
- Replace rather than repair
- No one tracks effectiveness of contract expenses

2. Older property is losing traffic and leases to new highly amenitized competitors

- Research objections from applicants
- Check leasing team training in closing and handling objections
- Recheck pricing structure
- Identify competitive advantages
- Learn to sell what the property has
- Staff out of step with long term residents
- Marketing outreach may need to occur

3. A casualty loss has occurred on the property.

- Quality of Emergency plan execution
- Emergency response teams
- Workers compensation coverage involved
- Media interaction
- Law enforcement on site
- Supervisors notified
- Witnesses/incident reporting completed
- Resident response methods
- Community support services utilized
- Access to vendors to assist with loss containment

4. Staff turnover is excessive with some positions turning over twice in one year.

- Poor supervision
 - Delegation
 - Playing favorites
 - Harassment
- Training is missing
- Team is in conflict
- Employees don't have supplies to work with
- Company mission is not supportive
- Compensation/benefits are under market
- One bad team member is running off others
- Workplace is unsafe

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5. Staff performance levels are low and goals not met

- Poor supervision
- Staff is not motivated by supervisor
- Goals are unclear
- Resources are not available to meet goals
- Compensation/benefits are under market
- Goal is not worthy
- Team conflict
- Underlying harassment or discrimination

6. The property buildings and equipment are deteriorating.

- Ownership strategies for the property
- Warranty of habitability violations
- Access to necessary funds
- Prioritize health and safety issues first
- Potential to fail regulatory property inspections
- Maintenance staff levels of expertise
- Ability to use contractors

