

REIN™ Canada Exclusive Presentation

Winning the Paper War



Landlording Secrets
The Definitive Tenant and Property Management System



Winning the Paper War

- Impeccable property management
- Impeccable paperwork management
- Investing in real estate creates a LOT of paper



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- Can become overwhelming
- The more organized your paper flow becomes, the less time you have to spend dealing with it



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A Proven System To Buying Back Your Time



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- Organization creates success
- Thank you to Bev Truman and Navaz Murji
- For all properties (SF & MF)
- CRA rules, you still need to maintain a paper filing system



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Stage One: Setting Up Your Files

You'll need:

- A Legal Sized Filing Cabinet
 - Successful real estate investors
 - At least 4 different files/ property



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- **Filing Supplies:**

- Legal size file hangers
- Vinyl flexible tabs
- Blank white inserts
- Legal size file folders: red, yellow, blue, green



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- File folder labels
- Box of #10 white envelopes



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All You Really Need!



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RED – For All Tenant Info

123 – 45th Ave

Tenant Information:

- Rental Info
- Move-in Inspection
- Lease agreement



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123 – 45th Ave

- Tenant Confirmation Form
- ALL Correspondence
- ALL Notices
- CD Of Pictures on move-in



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- Never rely upon your memory
- File will change when your tenant changes
- Keep the old information for the legally required period and start a new file with the new tenant



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YELLOW – For Property Miscellaneous

123 – 45th Ave

Property Miscellaneous

- Warranties on Appliances
- Copies of manuals
- ABC Key System Master List



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123 – 45th Ave

- Dates of Inspection
- Dates, Types and costs of repairs
- Dates, Types and costs of Renovations
- List of Key Contacts for Property



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- Anything that pertains to the physical property
- In the front of the file, stapled to the inside, keep a list of the property's key contacts' information
- Makes it easy for you and anyone who is assisting you



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BLUE – For All Legal Documents

123 – 45th Ave

All Legal Documents

- Copy of Offer to Purchase
- Your Due Diligence Documents
- Survey, RPR



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123 – 45th Ave

- Title Insurance
- Appraisal
- All Closing Documents

Good on Bottom Drawer – Not accessed much until selling time



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- Not accessed very much after closing on the property
 - Until it comes time to sell
- Can be kept in the bottom drawer



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GREEN – Ongoing Monthly Receipts

123 – 45th Ave

Ongoing Monthly Receipts

- All receipts for direct property expenses
- Cash, Charge Cheque



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123 – 45th Ave

Write ALL Details on
Receipt
Never miss an expense



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- File you will be accessing most regularly
- Should be located in the easiest position in your file cabinet
- Receipts will be entered into your Quickbook's style accounting program
—At minimum once per month



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- Make sure you write ALL of the key details on the receipt
- At the end of EVERY month, #10 envelope



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- On the outside of this envelope list all enclosed receipts
 - Company name
 - Dollar amount
 - Classification number



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Sample:

August 2008
2588 – 163rd Street

Jim's Mowing	\$ 45.00	7
Epcor	\$145.00	12
Boilers 'R' Us	\$222.33	7
RONA	\$ 74.99	7
Willy's Windows	\$453.00	7



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- **13 expense classifications**
- **Check with your accountant for consistence of classifications**
- **Review the CRA “Statement of Real Estate Rentals” form T776e**



- 1. Advertising
- 2. Caretaking
- 3. Financing & Borrowing Costs
- 4. First Mortgage Interest
- 5. Second Mortgage Interest



- 6. Condo Fees
- 7. General Repair & Maintenance
- 8. Insurance
- 9. Legal & Accounting
- 10. Property Management



- **11. Property Taxes**
- **12. Utilities**
- **13. Auto**



Taxpayer Information

Name: **JAMES A. AND KATHLEEN M. HARRIS** Address: **10000 WILSON BLVD, SUITE 100, BOSTON, MA 02116-1234**

City: **Boston** State: **MA** Zip: **02116**

File as: **Married filing jointly**

Check one box:
☒ Yes, I am claiming the standard deduction.
☐ No, I am claiming itemized deductions.

Standard Deduction: \$12,000
 Taxable Income: \$45,000

Estimated tax payments: \$0
 Refund: \$0

Dependents:

Relationship	First Name	Last Name	Date of Birth	SSN	Residence	Support	Qualifying Child	Qualifying Relative
Child	John	Harris	01/01/2000	123-45-6789	Same as taxpayer	Yes	Yes	No

Earnings

Source	Wages	Tips	Dividends	Interest	Rental	Capital Gains	Other
Employer	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0
Self-employment	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0
Retirement	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Charitable Contributions: \$0

State and Local Taxes: \$0

Medical Expenses: \$0

Gift Tax: \$0

Estate Tax: \$0

Total Tax: \$0

Refund: \$0

Signature: James Harris

Date: 01/01/2020

Preparer: [Blank]

Address: 10000 Wilson Blvd, Suite 100, Boston, MA 02116-1234

Phone: [Blank]

Filing Status: Married filing jointly

Exemptions: 2

Gross Income: \$45,000

Adjusted Gross Income: \$33,000

Taxable Income: \$45,000

Effective Rate: 0%

Estimated Tax Payments: \$0

Refund: \$0

Signature: Kathleen Harris

Date: 01/01/2020

Preparer: [Blank]

Address: 10000 Wilson Blvd, Suite 100, Boston, MA 02116-1234

Phone: [Blank]

Filing Status: Married filing jointly

Exemptions: 2

Gross Income: \$45,000

Adjusted Gross Income: \$33,000

Taxable Income: \$45,000

Effective Rate: 0%

Estimated Tax Payments: \$0

Refund: \$0

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank]

Exemptions: [Blank]

Gross Income: [Blank]

Adjusted Gross Income: [Blank]

Taxable Income: [Blank]

Effective Rate: [Blank]

Estimated Tax Payments: [Blank]

Refund: [Blank]

Signature: [Blank]

Date: [Blank]

Preparer: [Blank]

Address: [Blank]

Phone: [Blank]

Filing Status: [Blank

[illegible]

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"Recipe (box) For Success"



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You'll also need:

- A recipe box
- Index cards
- Alphabetic dividers



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- To keep track of your post-dated rent cheques
- Know in advance when new cheques are needed
- Write property address back side dividers



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- Place an index card at the back of the last cheque with the month/year on it
—To remind you that you need more cheques



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Sophisticated Investor Tip

TIPS

- Use Quickbooks or other SIMPLE accounting program
- Excel spreadsheet
- Enter all of your receipts into it on a monthly basis



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TIPS

- Identify where money can be saved
- What properties to keep and which ones to sell.
- Will also save you additional accounting fees at the end of the year.



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Creating a Virtual Office



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Time/ Money -Saving:

- Filing cabinet stored on a computer
- World-wide access
- Documents are scanned, and filed
- Secured and encrypted.

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Time/ Money -Saving:

- Multiple users
- Reduces questions
- Handle Documents once
- Reduces accounting fees

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Make the commitment to go paperless

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Equipment:

- An efficient computer
- Microsoft Office Small Business 2007.
- Adobe Acrobat
- Broadband internet
- Secured server

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Equipment:

- Navaz Murji
www.realaccountant.com
- Contact for more details

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Power Bank Accounts



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- Developed by professional accountant, Bev Truman
- Bank does your monthly bookkeeping at VERY little cost



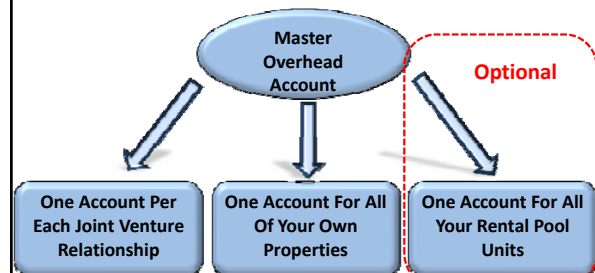
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- Identify property performance
- Pro-active management
- Keep your “Staying Power Fund” in each property’s specific account
- Part of new property checklist



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Step #1

- One bank account as your Master Overhead Account
 - Operating funds are kept
 - Account to distribute your cash flow payments



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Step #2

- Common expenses allocated to properties
 - Using the **Expense Allocation Form**
- Allocate general overhead expenses based on the revenues/ property



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Example;

- Property = 22% total rental revenues
- Allocate 22% of the general overhead expenses to that property
- These are NOT expenses that are directly attributable to a property



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Sample:

Address	Gross Revenue	Monthly Revenue / Total Revenue	% of Total Expenses	Allocated Expenses					
				Telephone	Office	Insurance	Auto	Management	Misc.
1 123 - 45 Ave	\$400.00	\$400 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50	\$3.75
2 45 - 75 Ave	\$400.00	\$400 / \$2400	17%	\$17.00	\$12.75	\$34.00	\$34.00	\$8.50	\$2.55
3 1735 - 95 St	\$800.00	\$800 / \$2400	33%	\$33.00	\$24.75	\$66.00	\$66.00	\$16.50	\$4.95
4 1377 - 71 St	\$400.00	\$400 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50	\$3.75
5									
6									
7									
8									
9									
10									
Monthly Total Expenses				\$100.00	\$75.00	\$200.00	\$200.00	\$50.00	\$15.00



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Address	Gross Revenue	Monthly Revenue / Total Revenue	% of Total Expenses	Allocated Expenses					
				Telephone	Office	Insurance	Auto	Management	Misc.
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
Monthly Total Expenses									



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Step #3

Create Separate Bank Accounts

- One bank account per Joint Venture Relationship.
 - Tack income and expenses for JV partner



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- Easy for year-end tax filing
- JV partner a feeling of comfort



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- One Bank Account For Each Personally Owned Property
 - Bank does bookkeeping



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Step #4

- Rents flow into separate accounts
- Expenses go out of separate accounts
- Pay “Allocated Overhead Expenses” as detailed on your Allocation Form
- Pay the master overhead account from appropriate account to cover “Allocated Overhead Expenses”



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Sample:

Address	Gross Revenue	Monthly Revenue / Total Revenue	% of Total Expenses	Allocated Expenses:					
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3 1735 - 95 St	\$800.00	\$800 / \$2400	33%	\$33.00	\$24.75	\$66.00	\$66.00	\$16.50	\$4.95
4 1377 - 71 St	\$400.00	\$400 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50	\$3.75
5									
6									
7									
8									
9									
10									
Monthly Total Expenses				\$120.00	\$75.00	\$200.00	\$200.00	\$50.00	\$15.00



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Sophisticated Investor Tips

TIPS

- Download bank statement into an excel spreadsheet
- Each transaction, insert notes identifying the expense
- E-mail bookkeeper every month
- Clarifying the communications



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