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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

- 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



- 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



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 consistency of classifications
- Review the CRA “Statement of Real Estate Rentals” form T776e



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



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



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



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STATEMENT OF REAL ESTATE RENTALS									
Information on how to complete this document, see Guide Table: Instructions									
Section 1: Income									
Year	Month	Year	Month	Year	Month	Year	Month	Year	Month
1	1	2	2	3	3	4	4	5	5
6	6	7	7	8	8	9	9	10	10
11	11	12	12	13	13	14	14	15	15
16	16	17	17	18	18	19	19	20	20
21	21	22	22	23	23	24	24	25	25
26	26	27	27	28	28	29	29	30	30
31	31	32	32	33	33	34	34	35	35
36	36	37	37	38	38	39	39	40	40
41	41	42	42	43	43	44	44	45	45
46	46	47	47	48	48	49	49	50	50
51	51	52	52	53	53	54	54	55	55
56	56	57	57	58	58	59	59	60	60
61	61	62	62	63	63	64	64	65	65
66	66	67	67	68	68	69	69	70	70
71	71	72	72	73	73	74	74	75	75
76	76	77	77	78	78	79	79	80	80
81	81	82	82	83	83	84	84	85	85
86	86	87	87	88	88	89	89	90	90
91	91	92	92	93	93	94	94	95	95
96	96	97	97	98	98	99	99	100	100
101	101	102	102	103	103	104	104	105	105
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611	611	612	612	613	613	614	614	615	615
616	616	617	617	618	618	619	619	620	620
621	621	622	622	623	623	624	624	625	625
626	626	627	627	628	628	629	629	630	630
631</									

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"Recipe (box) For Success"



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You'll also need:

- A recipe box
- Index cards
- Alphabetic dividers

- 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.

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



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Power Bank Accounts



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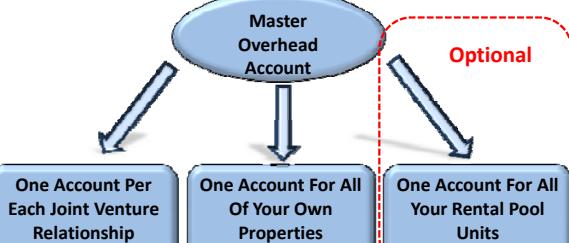


- Developed by professional accountant, Bev Truman
- Bank does your monthly bookkeeping at **VERY** little cost

- 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	Expense Allocation Form				
				Telephone	Office	Allocated Expenses: Insurance	Allocated Expenses: Auto	Allocated Expenses: Management
1 123 - 45 Ave	\$6000.00	\$600 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50
2 43 - 75 Ave	\$4000.00	\$400 / \$2400	17%	\$17.00	\$12.75	\$34.00	\$34.00	\$8.50
3 1735 - 93 St	\$8000.00	\$800 / \$2400	33%	\$33.00	\$24.75	\$66.00	\$66.00	\$16.50
4 1577 - 73 St	\$6000.00	\$600 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50
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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Expense Allocation Form								
Address	Gross Revenue	Monthly Revenue / Total Revenue	% of Total Expenses	Allocated Expenses: Insurance	Allocated Expenses: Auto	Allocated Expenses: Management	Allocated Expenses: 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	Expense Allocation Form				
				Telephone	Office	Allocated Expenses: Insurance	Allocated Expenses: Auto	Allocated Expenses: Management
1 123 - 45 Ave	\$6000.00	\$600 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50
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3 1735 - 93 St	\$8000.00	\$800 / \$2400	33%	\$33.00	\$24.75	\$66.00	\$66.00	\$16.50
4 1377 - 73 St	\$6000.00	\$600 / \$2400	25%	\$25.00	\$18.75	\$50.00	\$50.00	\$12.50
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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Sophisticated Investor 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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