

**EPISODE 472**

[INTRODUCTION]

**[00:00:00] ANNOUNCER:** Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

**[00:00:24] WS:** This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Dana Dunford. Thanks for being on the show, Dana.

**[00:00:32] DD:** Great. Thanks, Whitney, for having me.

**[00:00:34] WS:** Dana is the CEO of Hemplane, a technology-enabled property management platform. She is a strong advocate of purchasing properties anywhere, as the best investments are not typically in your backyard. She supports real estate investors in setting up the most intelligent process to manage rentals from a distance, while connecting them with local licensed professionals. In 2018, she was named one of the top 20 women leaders and influencers in commercial real estate tech.

Dana, thank you again for your time. I'm very interested in this, setting up the most intelligent process. Technology has changed all of our businesses, and if it hasn't changed your business, you've been left behind. I'm looking forward to this conversation, but tell the listeners a little more about you and maybe tell them a little more about Hemplane, and let's jump in.

**[00:01:21] DD:** Yeah, great. Thanks, Whitney. My background has always been in technology. I started at Apple. I moved over to a home technology company called Nest, which was acquired

by Google for 3.2 billion. Then as I was in the real estate investing world, I realized that the industry really needed some new technology.

When you look at software out there for owner/operators, for property managers, it was very much of built 10 to 20 years ago, where there wasn't this, "Do it for me," mentality. It was, "Here's everything you can do. Pick and choose what you want to do."

The trend these days with technology and building it is providing a user experience where it already has best-in-class practices built in to really mitigate that risk with property management, which is definitely something you want to do. Whether you're an owner or operator and you bring me employees in house to manage your rental units or whether you're using a third-party property manager, having best-in-class process of making sure screening reports are done, making sure rent collection is set up, making sure lease renewals are done, really building that into the technology was what we saw as the next wave that was needed.

I mean, also surprise in delighting customers. There's no reason why your leasing agent needs to respond to every email immediately. You can have smart technology do that. A tenant inquires about your property. You can just automatically go in and respond. It's really taking a lot of what we see here in Silicon Valley and giving it to the real estate investing world.

**[00:02:56] WS:** Wow! Okay. Why don't you tell us some of the best-in-class practices that are built in the software that we should expect or maybe things that we don't even know is out there that's an option that would help us probably optimize or be more efficient?

**[00:03:10] DD:** Yeah, absolutely. The first one has to do with advertising of your rental property. When you look out there today – I mean, this is for who's ever doing your leasing. When you look out there today, you have no idea where a tenant is looking, right? It could be on Facebook Marketplace. It could be on Zillow. It could be on PAdMapper, because 10 years ago that was popular, and they still think that's popular.

We go ahead and we advertise it out to all 30 rental listing websites. On average, there's 21 inquiries per every vacant unit on our platform. That obviously changes based on demand. But

with that, tenants are very impatient. Zillow did a study that found out they go and reach out to an average of five landlords, but the first three to respond are the ones that they actually look at.

So we use smart technology to automatically respond to tenants, take the showing calendar of the leasing agent, automatically set up the showing's prequalified attendant. Then the technology continues to work through. When someone walks in the door for a showing, the moment they leave, we send an email to that tenant, letting them know, "Here's the application. If you're interested, please apply."

We're taking a lot of what a tenant would want as an experience and putting that into the technology to make it better for your local support, who's ever on the ground doing your management and better for you a real estate investor because you want to see that in your bottom line.

**[00:04:40] WS:** Nice. Before you give us more practices that we're looking for or things that's going to help us to be more efficient, is this software really something that's going to help through the leasing process specifically or is it a management software as well?

**[00:04:51] DD:** It's management as well. With financials, online rent collection, automatically fees, everything goes through the full rental life cycle.

**[00:04:59] WS:** Is there the property management company dashboard and then also the owner dashboard? Is it two separate things or is it kind of all in one? What is it? How does that function?

**[00:05:08] DD:** Yeah. We believe that it should be one with separate permissions. What I mean by that it's the same look if you're a property manager as if you're an owner. But you could essentially, if you're the owner, turn off notifications. In other words, I don't want a notification every time a tenant opens a maintenance request. I want my maintenance seeking to do that or I want it to automatically route to my handyman first for initial troubleshooting.

Whatever it may be, we put that in there, but one of the strongest things we believe in is that data is power. If you look at most systems, property management platforms, how they're built, they're built for a property manager, where the property manager can hide things from owners.

We don't believe in that. As an owner, this is your asset. It is your financial future. We believe you should be able to see that data. You might not want the notifications on it but you should also have access to it. So we built it where the property manager and the owner can see this exact same thing. If you did want to drill into the details, you could.

We found the best property managers also love that. The best property managers do not want their owner calling and asking what status is of something. They know they're on top of everything. The owner can go in and take a look if they want to see the details. But we found to be super successful in the quality of the local professionals who are on the ground, as well as for the real estate investor having that peace of mind that things are taken care of.

**[00:06:34] WS:** Nice. No, I like that. To go back to those practices we were talking about, you were talking about the advertising piece first and how it responds to tenants or how they can even book an appointment online to look at it, to view a unit and things like that.

I've seen that. Obviously, I look at other apartment buildings and what the other operators are doing, and I see that. That's nice, because like you said, tenants, they are impatient. Then I remember this time. You're trying to find a unit. A lot of times, it's like, "I need something this weekend." That's what a lot of tenants are doing, and so it's nice if they can book the time to see a unit right away.

What's some other – Or are you going to add anything else to that you want to the advertising piece, and then let's go to the next or something else as far as pieces that are built in that maybe we're not aware that's even available?

**[00:07:19] DD:** Just to add on to that point of the advertising. Throughout the entire process, tenants have become and will continue to become, if you look at trends, more impatient. They go on to any website nowadays, and it's Sunday at 2:00 AM in the morning, and they can chat

with a local agent to get what they need. "Hey, Amazon! My package didn't arrive. Can you give me an update?" They have a live operator on the other end.

With property management, they assume the same. They assume everything is going to be real time. So if you wait a day to get back to them, even a weekend, because mentally people can't work 24 hours a day, seven days of the week, you've already lost that opportunity. It really does as much as you can build technology into your process to act as that human where you don't need some sort of strategic thinking.

There are certain things technology can't do, and I can talk about those as well with you. But for anything where you can use technology, you actually should. One of the biggest misconceptions I see is, "Oh! I don't want to pay for software. It's expensive." I'm like, "Oh! Have you actually calculated how much your time is worth? Because it is way cheaper than you putting that time in of what that value is."

**[00:08:34] WS:** Can you elaborate on the smart tech or how that responds to emails and things like that like you're talking about?

**[00:08:40] DD:** Yeah. Some of the coolest things with our upgraded package is – maintenance coordination is one huge one. What you see is that a lot of tenants actually don't even understand maintenance these days. They put in requests for things that easy troubleshooting could do for them.

Part of our packages, like one of our packages has maintenance coordination built in. We're responding and troubleshooting for you real time with the tenant everything that they need to do before we're even sending out the service professional for it.

**[00:09:11] WS:** Is that something automated doing that or is that like an actual live person that's responding or talking to them?

**[00:09:16] DD:** It's a combination of both. We have troubleshooting that's already built into guides and the technology. Then if that doesn't solve it, we get a human in there. So it's a combination of both and it will over time become more technology. Right now, it's about 50-50.

**[00:09:32] WS:** Okay. Anything else about how it responds or how it knows how to respond to what they're putting. I'm sure it's picking out keywords and things like that or –

**[00:09:40] DD:** I think one of the biggest things – yeah, it picks out keywords, categories, things like that. I think the biggest thing is that we do know when you really have to worry about this as an owner or operator, especially if you hire an employee to do your property management. Really understand tenant-landlord law. I think that's something that we're really strong in in the sense that like if a tenant says their light bulb's burned out, the response is not great. Replace it yourself. That's your responsibility. The next thing is how high are those ceilings? The last thing you want is the tenant on a ladder, and it's a 20-foot ceiling or a 15-foot ceiling, and they fall off and they sue you, right?

There's a lot that has to be built into it. It's not so much of, 'this is exactly how things should work.' There's a lot of algorithms built into there. If-then of what is the next thing, what should I be asking, because there is a lot of liability with property management, which makes it one of those – as a real estate investor's, the most risky part of that investment is how well is it managed.

**[00:10:43] WS:** Very interesting. I may not have thought to ask how high is the ceiling or how high is that light bulb you're trying to replace. What about numerous different states? Can you all have that same ability in numerous states at the moment?

**00:10:56] DD:** Yeah. We're in all 50 states. As far as local service professionals, there are certain cities where we've built up a really good list of service professionals. There's other cities where we don't have anyone, and we say, "You should bring in your own service professionals. We could source for you but we don't know how good they're going to be. We're going to ask the local real estate agents who do investing in your area or work with investors who are the best. But that's something that you may want to source." We work across the nation, our maintenance coordination. But there are certain areas where we are more connected to the local professionals in that area.

**[00:11:32] WS:** Help us continue to set up this most intelligent process. Anything else? Let's say the management company already has a contract on software that they have to use for so long, and we can't just switch to something as amazing as yours. What's some other things that we can do to help really be more intelligent with our process?

**[00:11:49] DD:** I think there's a couple of things. One, with your own property managers, you figure out how good they are by how they align incentives. That starts with their own pricing for you, right? For example, if they're saying, "Hey! We take the late fees. You don't get the late fees." What's their incentive to make sure the tenants pay on time? They're making revenue. They have like a revenue line item called late fees. That should be going to you.

Then as far as their visibility with maintenance and the invoices, right? If they're not providing you with the service professional's invoice – if they're providing their own but it's a third-party service professional, where is the transparency in that? I think a lot of it has to do with you at the beginning, vetting the service professionals. The best way to do that is to get to know a little bit about property management. Ask them questions. What would you do in this situation? What would you do in this situation? The maintenance one is a perfect example of how well set up are they. That's number one I would say.

Then number two with that is really work with your property manager no matter what system they're on to make sure you have those best practices in place with them. Lease renewals and aligning incentives. You shouldn't just say, "Hey! If you renew – I'm going to increase your rent this much for the year. Renew or move out." You should be, "Hey! If you want to go month to month, that's great. But I'm increasing the rent by X percentage. If you do an annual lease I'm going to raise it but by not as much, because you're signing up for another year."

Trying to make sure these incentives are aligned no matter what software they're using, making sure the property manager has that put into place. If they're not using software, probably a sign you shouldn't work with them. Or if they're using something that's really old and right now doesn't have great reviews and isn't top trending.

**[00:13:42] WS:** Nice. Any other questions that we should know to ask that maybe we wouldn't know. On that topic, I mean, just like their software or what their software can do.

**[00:13:52] DD:** So, without getting too much into the software, I think look at the rental life cycle and ask one question in each, right? So start with the leasing process and ask them, “How do you prequalify your tenants? What do you do in that process?” See how they respond.

In the application and the background check, ask them, “What do you pull and what are you verifying? Are you verifying their employer or are you just looking at the credit score, and that’s it? Are you looking at the full picture, right?” Then go on to move in. Are you asking for security deposit and first month's rent upfront? If you're not, that could fall through, right? Then you can have more vacancy. You can ask that stuff.

One of the things I found that isn't that great with a lot of these managers is when you say like, “How many days on average are your rentals on the market,” a lot of the times, like they don't know the data behind that. They're not pulling and checking averages, so they just give you some random number of, “Oh! It's always under 30 days or something like that.” That's not really helpful in understanding their thought process and how much they know about management.

**[00:14:58] WS:** Any other – I love this intelligence stuff or the things that we don't know that are even out there yet. Anything else that's going to help us get through this process or make it more smooth, even maybe that your system does? I was just thinking about even like being the function available to automatically text tenants about their late fees or anything like that.

**[00:15:17] DD:** Yeah, absolutely. I do think as far as what's helpful for you. It's a combination of knowing a little bit about the process to understand when you vet your property managers or putting together KPIs. The best real estate investors in multifamily have monthly meetings with their property managers. If you have a large portfolio, it's probably weekly.

These meetings are not fluff. How are you? How's your dog? How's the portfolio doing? These meetings are 30 minutes beforehand at least or maybe sometimes 24 hours. I need a file, and here are my KPIs, my key performance indicators. This is exactly what I need to know.



Most of these softwares do not have the best KPIs in there. You need to come up with them and say, "This is exactly how I track performance, right?" If you can come up with that and then meet with your manager who's ever on the ground to be able to talk about each one of those metrics every single time, you will see that your portfolio will start doing better over time.

I see too much of, "Yeah, I have weekly or monthly calls with my manager." But there's no concrete data, and it's like, "Oh, well. That's what my property manager provides to me from their automated system." I don't care what their system provides. You have certain KPIs that you need to meet, and that's going to help dictate how you do. Don't let the property manager decide what those KPIs are.

**[00:16:44] WS:** Awesome. I hope the listeners are listening to that. That alone is just amazing information, and I hope you're doing that. We do that, but I wonder what KPIs that we're not requesting that we should be. Could you go through some that you need to be requesting or before that meeting that your property management company is providing?

**[00:17:00] DD:** I think the biggest ones are vacancy rates and knowing, "Here is the KPI vacancy rate of what I need, but also here's what I expect," and have that. Then it's for all of the units that are rented. What are they renting at and what's market rate? How much would you potentially – Are you losing or so on? Maybe you update that monthly or have some sort of seasonality factor in there but understanding that.

Then looking at maintenance expenses. What percentage of rent are your maintenance expenses and tracking that over time and seeing how that plays out. Then also understanding how do we reduce operating expenses, right? How do we reduce maintenance expenses and things like that so that we're preventing things? We're not reactive and just fixing things. I think those are super important, vacancy rate as well as how is your cash flow doing?

There are certain things that you will dig into more and ask for additional KPIs if things aren't working out. For example, if you have high vacancy rate, it's great. What are we renting the places at and what are the comparable units in the market? What are those renting at? How many days on market or others versus ours? Understanding certain things. You can dig into the details, but start at high level metrics and then dig in when you need to.

If you see that rent, you have evictions or something like that, you're going to say, "Great. What percentage of our tenants pay on time? What percentage are late, etc.?" You can actually dig into them but start with the high levels first.

**[00:18:34] WS:** Nice. I'm taking lots of notes and I hope the listeners are as well. That's great information and really to have this laid out. We just have a very simple list. We want this information before our meetings from the property management company. It does. It provides lots of ways that we can track information.

My assistant then knows like where to put this information on some sheets that we use to track just over periods of time, what's happening, and then we can see it per property. What's happening here? Or see trends and then we can look back and say, "Well, wait a minute. What happened here? What caused this increase in vacancy or occupancy or expenses or what happened over to this maintenance that month? There was this – it went way up or down." Such good information there.

Dana, anything else about the smart technology or the intelligent process or improving that before we move on?

**[00:19:25] DD:** One thing I would say related to my last point is it also depends on how many units you own. In other words, if you own only 20 units and you're just getting started and you go to property managers and say, "This is my process, and you have to provide me all these one-off reports," you may not get it. Keep in mind. Versus if you have a lot more units, the property managers will bend over backwards, which is the great thing about syndication. Owning larger portfolios is you do have a lot more control over that.

**[00:19:59] WS:** Nice. Do you all offer like partial services? Let's say we're already using this other software to track finances and other things, and we have a contract but maybe we need help on that leasing side or maybe the maintenance tickets and things like that, improving the intelligent process. Is that an option?

**[00:20:15] DD:** Yeah. We get that question a lot. In order for it all to work seamlessly together, starting with leasing and management, we just have packages for the whole thing. However, we do have a lot of people who pay for the full package, but they're just using us for leasing. Just when their properties are vacant, they just use us for that and they use their software for something else. Or they use us for everything and some other software for accounting, which we see quite a bit.

**[00:20:41] WS:** Are you a real estate investor yourself?

**[00:20:43] DD:** Yes. I'm a real estate investor myself. Smaller units though than your guys's or what you guys do. I'm much more of a mom-and-pop.

**[00:20:50] WS:** How do you prepare for this potential downturn that everybody's talking about?

**[00:20:54] DD:** It's interesting. I've been talking about the downturn for a while, and people here in the office laugh about it, and they say, "Dana, you keep saying, 'Winter is coming.'" What I would say from that perspective with a downturn is there's always opportunities, right? It's a fantastic time to invest when you have a downturn. So what you should be doing is constantly figuring out with your portfolio of maybe you do want to hold on to a bit of cash now, right? So that when a downturn comes, there is an opportunity out there.

I think when the market is doing well, there's great things about that. But when the market is doing bad, there's also fantastic things about it for real estate investors. The biggest thing for you is to keep track of what those trends are and to be looking at macroeconomics, as well as microeconomics within certain geographies and locations. It will make you much better.

Then if you diversify as much as possible, you do hedge some risk there, so make sure you're diversifying. Not everything should be in equity or in assets, right? You need some things and bonds. You need to be able to balance out your portfolio.

**[00:21:58] WS:** Great advice. What's a way you've recently improved your business that we could apply to ours?

**[00:22:03] DD:** The biggest thing is hiring more people. That is one thing I will say. A lot of times, and I see this with most real estate investors is they try to do everything. By trying to do everything yourself, you don't do anything well and so really making sure that we're hiring subject matter experts. The reason I'm a fan of subject matter experts is hire someone for things you don't want to do and hire someone who's so good at that, and it really does make your business grow significantly.

**[00:22:30] WS:** What's the number one thing that's contributed to your success?

**[00:22:33] DD:** I think it's hard work. I think it really is hard work. I'll say that from day one. I used to be working and pulling all-nighters. I don't do that anymore but I definitely do work really long hours. I think that attention to detail on certain things and really questioning everything with that hard work when you're working hard, you're always questioning everything, really, really helps contribute to it.

**[00:22:56] WS:** Tell us how you like to give back.

**[00:22:57] DD:** A couple of things. One, my husband and I – he's a huge surfer. We donate to the ocean. That's probably one that's a little bit fluffy in what people in San Francisco do. But we donate to the Salmon Foundation here. We also donate to the ocean conservation efforts. That's a huge way we give back.

The other is education. I love educating people on real estate, real estate investing, and how they can do better.

**[00:23:19] WS:** Awesome. Well, a great show, Dana. I love talking about how to increase our processes and use of intelligence to do that. You elaborating on just the advertising and numerous points that you talked about, having the KPIs and having that or requesting that the day before our weekly meeting and things like that. The need for responding quickly to tenants and how important that is to the leasing process and so much more.

Most importantly right now, tell the tenants – the listeners how they can get in touch with you and learn more about you and your business.

**[00:23:50] DD:** Yeah. You can go to [hemlane.com](http://hemlane.com), which is H-E-M-L-A-N-E.com. You can also reach out to me, [dana@hemlane.com](mailto:dana@hemlane.com), and Dana is D-A-N-A.

**[00:24:02] WS:** Awesome, Dana. That's a wrap. Thank you very much.

[END OF INTERVIEW]

**[00:24:05] WS:** Don't go yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook, so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to [lifebridgecapital.com](http://lifebridgecapital.com) and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

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