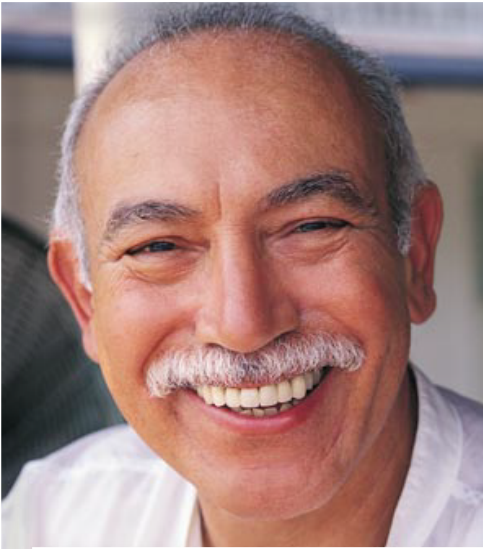


# Westlake Realty Group, Inc.



**Delivering the Best Investment  
Protection through Highly  
Accountable Property Management**



## About Westlake Realty Group, Inc.

Westlake Realty Group manages a 2.5 million square foot portfolio of properties in the western United States. We put more than 30 years of expert property stewardship at the service of our clients—increasing their ROI from affordable housing and multifamily communities, office buildings and shopping centers while building the value of their assets. We “pay our way” through higher revenues and lower operating costs, positively impacting property owners’ bottom lines.

Westlake Realty Group is employee-owned and managed. In 2003, the original owners turned the company over to employees—giving them the opportunity to innovate and share in the growth of the business. Powered by this core incentive, Westlake Realty Group has rapidly transformed itself into one of the most progressive and dynamic property management operations in the country. In early 2007, The Institute of Real Estate Management (IREM<sup>®</sup>) named Westlake an Accredited Management Organization<sup>®</sup> (AMO<sup>®</sup>). In earning this coveted designation, Westlake joins a select group of firms recognized for upholding the highest professional standards in property management. We are one of only 540 AMO<sup>®</sup> firms nationwide.



# Your Property Management Alternative

## Why are you dissatisfied with your current property manager?

- Your financial records are not timely, easy-to-understand, or useful
- Stakeholder records contain discrepancies
- You do not have access to up-to-date information
- You don't get the attention you need... or deserve
- Compliance is always an issue
- You don't like the fees you are paying... or the results of management staff

If this describes your experience, we invite you to learn how Westlake Realty Group can improve the management of your properties and save you thousands of dollars.

Every year, leading affordable housing organizations such as HIP Housing of San Mateo County, California choose Westlake as a business partner.

- Our customized financial reporting system and electronic audit trail will become your CPA's best friend
- Compliance concerns disappear
- Our state-of-the-art technology delivers real-time information 24 x 7
- Westlake's account management sets the "gold standard" others strive for
- We guarantee the best service fee/performance ratio in the industry

The Westlake Realty Group executive team has more than 30 years of combined experience with affordable, senior, and special-needs housing. Our seasoned managers, powerful accounting system, practical use of technology, client base, and highly competitive rates ensure that we produce optimum results.

## **Below are 5 Reasons Why Westlake Delivers Highly Accountable Property Management Services:**

### **1. Seasoned and Credentialed**

Westlake has managed state and federal Low Income Housing Tax Credit (LIHTC), SRO, project-based HUD Section 8, and voucher rental assistance programs. Our team holds a variety of industry-recognized credentials including Accredited Resident Manager (ARM), Certified Occupancy Specialist (COS), Certified Property Manager (CPM), Housing Credit Certified Professional (HCCP), Tax Credit Specialist (TCS), and National Compliance Professional (NCP).

We strongly emphasize the importance of continuing education and ensure that managers and staff receive the training necessary to do their jobs effectively.

### **2. Accurate, Customizable Financial Reporting**

No two properties are exactly alike. Lenders' requirements can also vary significantly. Westlake can quickly and easily adapt our financial reporting system to meet a variety of needs.

#### *Timely and Accurate*

Our secure, server-based accounting system enables us to reconcile all accounts associated with a property—rent, security and damage deposits, and bill payment, for example—within hours, rather than days. Also, in accordance with financial management best practices, Westlake does not co-mingle the accounts of different properties. As a result, housing program managers and owners know exactly where each community under management stands, sooner rather than later.

### *Highly Customized*

Some clients or their lenders prefer monthly reports. Others prefer them weekly or quarterly. Westlake's system can accommodate a wide range of preferences regarding frequency, format, or other reporting elements.

### *Detailed and Transparent*

Westlake's system allows our clients to be part of the financial management process to the degree they wish. For example, some property owners want to approve all invoices greater than a specific dollar amount. Regardless of their preferred level of involvement, our clients can view digitally-fingerprinted reports. We also display invoices as account line items and as PDFs—making our property stewardship completely transparent.

### *A Single, Accessible E-Drawer*

Whether on the road or at their desks, Westlake clients can easily access a browser-based, password-protected e-drawer that contains complete financial records for each property. We are conscious of the difference in work schedules and want to provide property owners and program managers with unobstructed, 24x7 access to the information they need.

## **3. A “Next-Door” Maintenance Staff**

Westlake believes that maintenance should be handled with the same meticulous attention to detail as the rest of our property management operations. We pre-qualify every vendor we use and regularly evaluate their performance against established benchmarks. We carefully track expenses and reimbursements with our financial reporting system. We typically request three bids on every construction or major maintenance task.

Westlake offers clients the option of leveraging our Westlake Property Services (WPS) Group. WPS staff activity is tracked via Global Positioning

System (GPS), and work effort is linked directly to payroll. Our clients are not charged for more labor hours than are actually required to complete a job. Of course, we are happy to use contractors with whom our clients already have a relationship or to solicit bids from the WPS and other vendors for comparison purposes on specific projects.

#### **4. Highly Personalized Account Management**

We base our reputation on experience and skill. We do not turn the responsibility for managing a property over to junior staff. Instead, our clients benefit from the direct involvement of senior managers with a minimum of seven years of affordable and special-needs housing experience. These managers visit each property at regular intervals and have complete oversight of all aspects of operations. We pride ourselves on flawless execution.

#### **5. Competitive, “Per-Door” Fees**

Don't want a management fee based on a percentage of revenue? Want a stable and consistent management fee? Westlake can customize a monthly, predictable, “per-door” management fee if that is what you need. We will roll up all accounting, payroll, set-up, licensing, routine computer maintenance, and other charges into a single figure that enables organizations to budget more accurately and eliminates unwelcome surprises. **We are committed to matching competitors' fees, while offering a superior level of service.**

## **RESIDENTIAL MANAGEMENT SERVICES**

Westlake Realty Group offers a complete menu of services to owners of affordable, senior, or special needs communities. These services encompass all aspects of multifamily property management.

**Operations** – The following services address physical management of the property:

- Timely collection and deposit of rent
- Timely response to tenant service calls
- Compliance with all federal, state, and local laws pertaining to Fair Housing and tenant certification
- Timely rehabilitation of all vacant units
- Routine, preventive maintenance by uniformed personnel
- Regular property inspections
- Monitoring vendor performance and quality
- Bid solicitation and management of contracts for cleaning, turnover, repairs/replacement, security, window washing, and trash removal
- Communication of all significant issues to property owners

**Compliance** – Westlake is experienced in managing compliance with government programs that fund affordable housing projects. Effective compliance is critical to avoiding fines and other penalties, including income tax recaptures at projects funded by Section 42 low-income housing tax credits.

**Tax Credit** – Westlake managers have a combined 18 years of tax credit management experience. They receive continuous training designed to eliminate non-compliance situations. In addition, Westlake routinely reviews property files and conducts audits to ensure processing consistency.

**Housing Vouchers** – Westlake has extensive experience with local housing authorities' Section 8 voucher programs. We understand that not all property owners are comfortable with this program. At the same time, we are aware that they may not be able to opt out if a property is permanently funded by public agencies. Therefore, it is important for the property management staff to have a full understanding of the ramifications of voucher programs.

**Accounting and Reporting** – These services address the financial activities required for effective residential property management:

- Developing annual operating budgets and monitoring variances
- Providing comprehensive monthly financial reports
- Calculating and invoicing operating expense recoveries
- Generating and processing monthly rent invoices
- Reconciling bank statements

**Tenant Relations** – These services address the development of good tenant relationships:

- Arranging tenant appreciation events
- Conducting annual tenant surveys, compiling the results, and presenting them
- Developing property image enhancement ideas designed to increase occupancy
- Hiring a Tenant Service Coordinator to administer and expand tenant services, budget permitting

**Senior Housing Services** – In addition to the other residential management services, the following are required to operate a senior housing community effectively:

- Providing and managing appropriate activities programs
- Building maintenance
- Providing well-managed food services geared to the senior community
- Managing facilities marketing
- Management and staff operations
- Security

Clearly, Westlake offers a robust menu of services. We are also happy to customize our offerings in any way that will better serve you.



## How Westlake Leverages Technology

Westlake Realty Group distinguishes itself from other property management firms by combining management expertise with cost-effective, state-of-the-art technology. We believe wireless communications, PC, and network technology substantially increase efficiency and productivity because it allows us to conduct business without boundaries. Following are a few examples of how technology has enhanced our performance, enabling us to stay closer to the properties we manage:

**Imaging Technology** – Westlake’s secure network server has eliminated lost or misplaced files. The server retains all versions of a document, making it easy to see who has viewed or changed it.

Our invoicing process, for example, is a practical application of imaging and digital foot print technology. We scan invoices and route them electronically to all managers. Each approval required must be electronically recorded before a check is issued.

It is no longer necessary to search physical files to comply with requests for copies of documents. With document images integrated into the payment process, we can generate copies of invoices while simultaneously processing common area maintenance (CAM) and other pass-through charges.

## **Global Positioning Satellite (GPS) System** –

Because our people are our most important resource, we increase their productivity by equipping them with GPS phones. These phones are linked to Internet-based software that “knows” where they are during the work day. Onsite property managers and Westlake headquarters employees alike know where maintenance staff is at any given time.

**Electronic Banking** – Westlake leads the industry in adopting new banking processes. We give our tenants the option of making rent payments through an automated clearing house (ACH). In mid-2006, we implemented “desktop banking,” which allows our property managers to deposit checks after normal banking hours and without leaving their desks. This banking innovation reduces float and provides faster access to funds that have cleared.

**Online Work Order System** – Westlake uses an efficient, web-based process that enables tenants to track the progress of work orders quickly and easily.



# Westlake Realty Group Executive Profiles



**Robert W. Klag,  
Chief Executive Officer**

Robert Klag brings more than 25 years of management experience and strong operational leadership to Westlake. He has streamlined Westlake's systems and procedures, reorganizing operations, outsourcing administrative functions, and implementing cost-saving technologies.

Prior to joining Westlake in 2003, Mr. Klag headed financial operations at PrimeSight, a national healthcare provider sponsored by the American Academy of Ophthalmology. Mr. Klag was a senior executive in the start-up team that successfully enrolled 200,000 members in the first two years of operations.

Mr. Klag has also served as the senior vice president of finance and treasurer at National Insurance Group, a publicly traded holding company. As a senior executive, he contributed to the company's growth as a national provider of specialized risk management and outsourced service products, providing financial guidance for

two public offerings before the company was acquired.

Earlier in his career, Mr. Klag was with KPMG LLP and General Electric. As Administration Manager for General Electric's Canadian Mineral Operations, he managed two apartment complexes, a mobile home park, and more than 200 single-family homes. During his first year in this position, he reduced fixed operating costs by more than \$1 million per year.

Mr. Klag received his B.S. Economics at the University of California Riverside and an M.B.A. from the University of California Berkeley, Haas School of Management. His professional credentials include both the CPA and CMA. He is a member of the California Association of Certified Public Accountants, a member of the American Institute of Certified Public Accountants, and a member of the Institute of Certified Management Accountants.





**Steven M. McDonald,  
Vice President and General Manager,  
Residential Properties**

Since joining Westlake Realty Group in 2004, Steven McDonald has developed and implemented policy and procedure improvements, increasing occupancy rates as well as maximizing top-line revenues and net operating income. He has particular interest and expertise in market analysis, asset preservation, and cash flow generation.

Mr. McDonald has more than 20 years of experience with subsidized housing programs. Prior to joining Westlake, he directed federal and state Low Income Housing Tax Credit (LIHTC) projects for eight years and also worked extensively with Single Room Occupancy (SRO), project-based HUD Section 8 and voucher rental assistance programs. He is experienced in managing housing for special needs populations as well as conventional market-driven rental properties. Mr. McDonald has been involved with a number of California non-profit organizations including First Community Housing, Housing for Independent People (HIP), Community Housing Developers (CHD), Soledad Local Development Co. (SLDC), and Catholic Charities.

Mr. McDonald holds Housing Credit Certified Professional (HCCP), Certified Occupancy Specialist (COS), and National Compliance Professional (NCP) certifications, which provide specialized training in both tax credit compliance and management. McDonald is a graduate of San Jose State University, has a California real estate license, and is a Certified Property Manager (CPM®) through the Institute of Real Estate Management.

Mr. McDonald serves on the Board of IREM-SF as the Vice President of Membership.





**Nancy K. Scates,  
Director of Operations, Residential Division**

Nancy Scates joined Westlake in 2005 and has seven years of experience in residential property management. Her current responsibilities include implementing company policies and procedures involved in daily operations.

Starting her property management career as a residential property manager for a leader in the affordable housing industry, Ms. Scates specialized in Low Income Housing Tax Credit (LIHTC) properties, successfully leasing more than 450 units in four years. Later, as a regional manager for the same company, she managed a portfolio of project-based HUD, Section 42, and conventional housing.

Ms. Scates holds Tax Credit Professional (TCS) and Certified Occupancy Specialist (COS) certifications. She is a Certified Property Manager candidate through the Institute of Real Estate Management. Ms. Scates is an active member of the Sierra Club.



**S. Christopher Marris,  
Director of Maintenance & Projects**

Chris Marris joined Westlake in 2005 after five years as an asset, project, and property manager in the Santa Cruz, California office of the John Stewart Company. Mr. Marris combines expertise in people management and motivation with the ability to establish strong relationships with vendors and clients. He has low income housing development expertise, and is highly skilled in negotiating complex agreements and reducing operating costs.

Earlier in his career, Mr. Marris was director of facilities at Costanoa Lodge in Pescadero, California. While serving as operations manager and construction manager at this 38-acre coast side resort, he managed the planning, permitting, and building of a number of its facilities and coordinated the completion of projects already underway. Mr. Marris has also held positions in production and operations management for Motion Master, a CNC router facility, and Sun International, an operator of amusement facilities and water parks.

Mr. Marris holds a B.S. from the University of North Texas in Denton and is a Certified Occupancy Specialist (COS). He is actively involved in the Sierra Club, Ducks Unlimited, and teaches swimming in his community.

## Success Stories from the Westlake Team

### **An Improved Tax Position**

A non-profit organization contacted a Westlake manager to manage a 75-room SRO in San Jose. One of our first actions was to examine the client's real estate tax bill. On doing so, we discovered that the organization had not completed the section of the tax form enabling it to claim an exemption. We re-filed the form with the county assessor, obtaining a 5-figure refund. Even better, the organization was eligible for refunds for the previous three years as well.

### **Successful Property Development**

A Westlake client who wanted to develop a 60-unit apartment complex asked us to participate in early-stage project meetings as an observer. As the meetings progressed, we were able to identify design flaws that neither client nor architect had considered. In a private meeting with the owner, we pointed out how these flaws would impact efficient and effective property management. The owner invited Westlake to join the development meetings as an active participant.

### **Portfolio Management Problems Solved**

A property owner was having problems managing apartments located in a downtown area. He was reluctant to hire a property management company because of his concerns over expense. However, at the urging of his accountant, he called a member of the Westlake team. Interestingly, our first encounter with him occurred while he was on a ladder, attempting to clean one of his property's gutters.

During several meetings with him, our manager demonstrated how we could save money, increase occupancy rates and rents, and enable him to resume developing new properties, instead of managing existing ones. After six months under our management, occupancy rates at his properties had risen and his monthly income had significantly increased.

## A No-Longer-Troubled Property

No doubt about it, a local non-profit housing provider was in trouble. Lenders were threatening to call in loans. Municipal officials wanted to red-tag its property. The provider realized that self-management was the problem and called in our Westlake manager. We walked the property, reviewed the books, and contracted to manage the property for a fee that would be reduced after the situation turned around.

Our manager brought in on-site management and evicted known drug dealers and tenants maintaining unsanitary conditions in their units. We also developed an action plan that lenders and city code enforcement were happy to buy into. Westlake quickly brought tenants into compliance, made necessary repairs, and created a volunteer community involvement program that made this property a model for the rest of the neighborhood.



## Resident Testimonials on Westlake Apartments

*I am a tenant here in the Redwood Oaks Apartments. I find the new management, Westlake, an improvement over the previous management. Westlake is pleasant and efficient.*

*I look forward to a lengthy relationship.*

Resident: Francis H.  
340 Redwood Oaks Apartments

*I love living here. Maureen and Denise have been exceptionally kind. Service is done quickly and courteously. I am grateful. I hope to live here for a very long time.*

Resident: Judy J.  
Townhouse Gardens Apartments

*This is the best Property Manager and Maintenance team Union North has had in the last ten years that I have been here. Thank you for finally getting true professionals.*

Resident: Ann M.  
Union North Apartments

*Both the property managers, and the maintenance team have been accomodating and helpful. I feel safe and comfortable living here.*

Resident: Charlette L.  
Townhouse Plaza Apartments



## WESTLAKE REALTY GROUP, INC.

520 SOUTH EL CAMINO REAL

9TH FLOOR

SAN MATEO, CALIFORNIA 94402-1722

PHONE (650) 579-1010

TOLL FREE (888) 423-8855

FAX (650) 340-8252

[WWW.WESTLAKE-REALTY.COM](http://WWW.WESTLAKE-REALTY.COM)

### **Other Locations:**

Gresham, Oregon

Las Vegas, Nevada

Woodinville, Washington

Albuquerque, New Mexico