

IS UTILITY THEFT ROBBING YOUR MULTIFAMILY PROPERTIES OF THEIR TRUE NOI POTENTIAL?

Other multifamily owners are
saving an average of \$13,500
per property with *CSASecure*.
Find out how you can too.

It's not VCR—It's better!



Get the ultimate in vacant cost protection

HOW MUCH ARE YOU LOSING TO UTILITY THEFT?

The impact of utility theft on your multifamily properties may be greater than you think. At BluTrend, we've found that owners often don't realize the full extent of utility theft at their properties or think they are recovering all of the cost. Utility theft is difficult to track and becoming a high priority concern.

However, the impact can be surprisingly large. A major property owner may be sacrificing millions of dollars in property valuation and hundreds of thousands in cash flow for electricity theft alone. ***And that doesn't include the high cost of staff time spent trying to recover lost dollars from residents.***

A typical 300-unit property is losing an average of \$45 per unit to electricity theft (based on 10 cents per KWh pricing). Preventing this loss would increase net operating income by \$13,500 and valuation by \$750 per unit at a 6% cap rate. That's an increase of \$225,000 in valuation for just one property! As energy costs escalate, the potential savings will be even higher.

HOW CSAs INVITE UTILITY THEFT

Utility theft occurs when a CSA (Continuous Service Agreement or a Landlord Agreement) is in place and residents move in without switching the electricity account into their own names or when they close their accounts prior to move-out. As the property owner, you must pay the bill and try to recover the cost from the residents after the fact.

You may already be using VCR (Vacancy Cost Recovery) to contain this problem, but a built-in delay of 60-90 days before you discover the problem makes the opportunity for recovery limited. And the longer the lag time, the less likely you will recover anything. What happens when violators skip, go into eviction or move out at the end of the lease term? Your property will end up paying for three months of utility service on their behalf. While you may think that VCR is recovering all charges, in reality the last two months are rarely recovered—and cost your property more money in fees and other third party charges on top of lost utility expenses.

Why pay for utility theft losses that you can avoid in the first place? With **CSASecure's patented system**, you can prevent most of these losses and save your on-site staff many hours of work and frustration every month.

The typical 300-unit property is losing an average of \$45 per unit to electricity theft—\$13,500 per year (at \$0.10 per KWh). This includes \$4,700 lost at move-out, which is not identified and recovered by any system except CSASecure.



Why pay for utility theft losses that you can avoid in the first place?

VCR + CSASecure = THE ULTIMATE SOLUTION

Unless you're using **CSASecure** to manage utility theft, you're paying too high a price. With VCR, your success depends on time-consuming follow-up by your busy on-site staff. According to industry surveys, it takes an average of 10 hours a month for experienced site managers to identify violators in a process that is tedious and far from 100% effective. Shouldn't this valuable time be spent on more important tasks than comparing utility reports and rent rolls?

Here's the biggest reason why VCR alone is much less effective than CSASecure. VCR can't identify unpaid electric and gas bills until accounts are 60-90 days in arrears and you're on the hook for thousands of dollars a month across your portfolio. Our analysis shows that more than 12% of violators were delinquent by two to four months, necessitating constant invoicing and collections activities.

VCR can't detect utility theft at move-out, so you won't know until the vacant bill arrives—typically after the resident's deposit has been returned, greatly reducing the potential for recovery. **CSASecure is far superior to VCR because it adds a safety net that greatly enhances your recovery efforts and limits your utility losses to days instead of months.**

WHY CSASecure FAR OUTPERFORMS VCR

	CSASecure®	VCR
Identifies Move-In Violators	✓	✓
Identifies Move-Out Violators	✓	✗
Identification Time	In 3 days	After 45 days
Objective	Elimination of violation	Recovery – Violation continues until move-out
Effectiveness	100%	60% – Does not identify and recover money on the back end
Transparency and Accountability (reports to BMs, RMs, RVP and Corporate)	✓	✗
Automated Notice Letters to Residents	✓	✗
Impact on Utility Theft Costs	Limits liability to less than a few days	Unlimited liability – Can only recover costs after 60-90 days
Resident Interaction	Positive interaction with an early Notice Letter	Negative interaction due to recovery of large bills
Notification Frequency	Two reports per week	1 monthly report

ULTIMATE CONTROL IN JUST 10 MINUTES A WEEK

CSASecure is a proven, patented technology that requires far less time and effort than VCR alone and can recover 100% of violators' utility costs and associated costs. It takes CSA management to a whole new level, enhancing cost recovery, reducing liability and minimizing the need for time-consuming collections. Best of all, it decreases your operating expenses and, ultimately, increases cash flow, NOI and property valuations.

Developed by BluTrend LLC especially for the multifamily real estate market, **CSASecure** allows you to take control while we take care of the work:

- Identifies and stops utility theft within three days
- Gives your staff ultimate control in just 10 minutes a week
- Can be used alone or to enhance your current cost recovery efforts
- So simple there's nothing to learn, nothing to buy or install
- Limits liability by allowing you to remove service at the violator's unit. Provides three opportunities to save: at move-in, mid-lease and move-out
- Pays for itself by greatly reducing the cost of utility theft and by adding revenue in the form of delinquency fees

Our groundbreaking solution gives you the power to identify and stop utility theft within days, not months. **CSASecure** is an automated, easy-to-use solution that protects your assets throughout the entire resident lease.

YOUR CSA SAFETY NET

CSASecure is a patented process that eliminates the hassles, wasted time and delays in dealing with residents who don't switch their electricity accounts in a timely manner. **CSASecure** enhances your cost recovery efforts by minimizing the opportunity for utility theft.

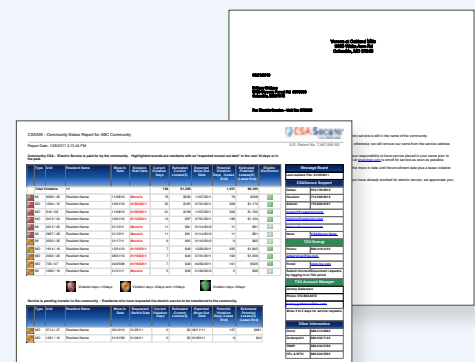
In as little as 24 hours after move-in, the system identifies violators and begins a series of automated notifications to remind residents and warn of impending electric service disconnection for noncompliance. All your manager has to do is make the disconnect decision. It's so fast and easy that your staff stays in control in only 10 minutes a week. Only **CSASecure** delivers this kind of asset protection and enhancement.

“When you hear community managers commenting so positively about a program, you know the decision was right. We're very satisfied with the results and are anxiously waiting for the program's expansion to our communities in other states.”

> [READ SUCCESS STORY](#)

Alan King
Division Vice President
Berkshire Property Advisors

CSASecure's automatic notice letters and frequent status reports make identifying and resolving CSA violations much faster and easier for community managers.



WHAT CUSTOMERS ARE SAYING

SUCCESS STORY: Milestone Management Cuts Vacant Electric Cost in Half

At Milestone Management, the total vacant electricity cost billed back to residents dropped from an average \$10,000 per community per year in 2006 to \$5,000 in 2008. That's what Jeff Sherman, Vice President, discovered when he analyzed 42 properties that consistently used **CSASecure**. He also found that the percentage of total vacant expenses had dropped from 30% to 20%.

"The **CSASecure** program has been a great success for us," said President Steve Lamberti. "We pioneered the vacant cost recovery program with USIEnergy back in early 2000 and thought we had recovered all vacant utilities—until we implemented **CSASecure**."

"Now we're saving real money for our owners in this tough economic time and, in the process, keeping our operations people happy with the utility process. You can't ask for more than that."



Already have a cost recovery system? Add the patented technology of **CSASecure** to greatly enhance performance and collect 100% of CSA violation utility costs.

SUCCESS STORY: BH Management Reduces Vacant Electricity Cost by 47%

CSASecure is producing big results for BH Management since it was implemented in November 2008 covering 9,938 units in Texas. Through May 2009, the company's community managers reduced the total number of vacant loss days by 47%—from 10,675 to 5,763 days.

"We're very happy with **CSASecure**," said Steve Donohue, President of BH Management. "We're getting a reduction in vacant electricity cost as well as high levels of satisfaction on the part of our community managers." The company has added even more units to the program, bringing the total to 11,732 as of May 2009.

WHAT CUSTOMERS ARE SAYING

SUCCESS STORY: Lane Company Lowers Utility Costs

In challenging times, businesses look for new ways to cut costs. Lane Company, a national leader in multifamily real estate, took action when it discovered significant utility expenditures that should have been paid by residents.

Lane installed **CSASecure** to address the time-intensive task of monitoring residents who don't put electric service into their own names on a timely basis. In just four months, the program produced significant cost savings, with more to come:

- The number of violators was reduced from 36 to 3.
- The estimated savings was \$16,409 in utility costs, projected to be \$31,980 through the end of the leases.
- The remaining 3 violators cost the company only \$135, projected to be \$589 through the end of the leases.

"**CSASecure** has already paid for itself several times over and, more importantly, creates accountability for our community managers," said Scott Templeton, Lane Asset Manager. "The service allows them to identify violators quickly and take immediate action to produce savings for the owner. And it makes their jobs much easier too."

SUCCESS STORY: Berkshire Property Advisors Takes Control of Utility Theft

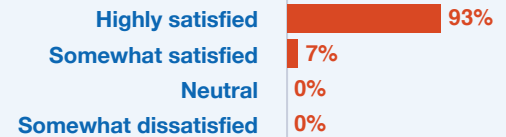
When Stephen Shows joined Berkshire Property Advisors, LLC in 2007, it was an easy decision to implement **CSASecure** in the company's Texas communities. Stephen had already experienced the benefits of this unique patented technology at his prior employer. Berkshire started using **CSASecure** with four communities in September 2007. Shortly after, with the help of Alan King, Division Vice President, the program expanded to all Berkshire communities, covering more than 4,800 units in Texas.

Alan King said "when you hear community managers commenting so positively about a program, you know the decision was right. We've been monitoring the benefits and are very satisfied with the results. We're anxiously waiting for the program's expansion to our communities in other states."

2011 Executive Survey Results:

Multifamily owners and management company executives representing more than 100,000 units gave **CSASecure** high marks for performance and satisfaction.

How would you rate your overall level of satisfaction with **CSASecure**?



Are your communities saving time and money with **CSASecure**?



Would you recommend **CSASecure** service to others in the industry?



*“ We’re very happy with **CSASecure**. We’re getting a reduction in vacant electricity cost as well as high levels of satisfaction on the part of our community managers. ”*

> [READ SUCCESS STORY](#)

Steve Donohue
President
BH Management

WHAT CUSTOMERS ARE SAYING

SUCCESS STORY: Post Investments Reduces Vacant Electricity Expenses by 95%

When BH Management implemented **CSASecure** at Broadway Square, a 2,469-unit community in Houston owned by Post Investment, President Jason Post was a bit skeptical at first. “I wasn’t sure what to expect. We have a good management team with a very effective vacant cost recovery process on site, so I wasn’t sure if **CSASecure** could be justified on a cost/benefit basis.”

When the program started, Broadway Square had paid for more than 2,544 days of electricity owed by resident violators. Five months later, using the **CSASecure** proprietary system, the number of electricity days paid by the community dropped by 94.5% to 139 days.

It didn’t take long for Jason to implement the system in all of his communities. “The ROI is very convincing, almost a no-brainer,” he said. “We are very happy with our decision to implement **CSASecure**.”



You wouldn’t be satisfied collecting only 60% of your rent money. So why settle for collecting only 60% of CSA violations? That’s what you’re doing when you rely on VCR alone. With **CSASecure**, you can collect 100%.

SUCCESS STORY: Community Managers Recommend CSASecure

“Great service.” “We love it!” “This is a HUGE timesaver!” These are a few typical comments from managers in 284 communities who participated in a 2010 survey about using **CSASecure**. Most were highly satisfied, reported saving time and money and 97% would recommend this service to other community managers.

[> SEE SURVEY RESULTS](#)

This participant sums it up: “As a property manager, I cannot walk 132 units daily to determine who does or does not have proper electricity or gas. **CSASecure** makes it convenient to do my REAL job!”

UTILITY THEFT: IDENTIFY, QUANTIFY, TAKE ACTION

Owners of multifamily properties often lack the information they need to prevent utility theft. A recent survey shows how **CSASecure** makes it easy to identify and prevent these losses at move-in, at move-out and any time during the lease.

A study of 44,000 move-ins in 2006 and 2007 revealed the following violations:

- 76% of residents did not put electric service into their own names within 10 days of moving in.
- 10% of new residents after 120 days still were using the property's electricity.
- 32% of move-outs put the electric service back to the community for more than 5 days and 15% for more than 10 days prior to moving out.

A follow-up study of 34,000 move-ins in 2010 showed the following improvements made by **CSASecure**:

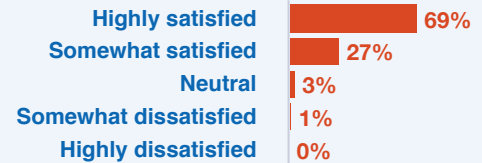
- Fewer residents (62.4%) did not put electric service in their own name at move-in.
- 96% of all violations were eliminated within 30 days using **CSASecure**.
- 25% of all move-out violators switched service back to the community 30 days too early.
- 8.5% of units turning over had a potential violation of more than 30 days and 18% had a potential violation of more than 10 days.

Most multifamily owners are unaware of the impact of move-out utility theft because there has not been a system for identifying violators in a timely way. In the study, property managers using **CSASecure** were alerted of violations within 3 days of occurrence. Through the system's automatic notice letters, they were able to estimate electricity costs and recover fees and penalties at the time of move-out.

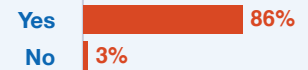
2010 Survey Results:

What community managers are saying about **CSASecure** (284 communities surveyed).

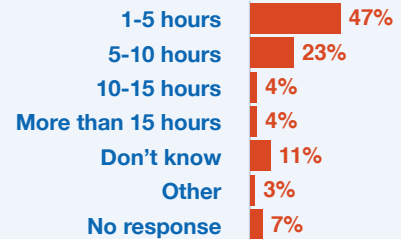
How would you rate your overall level of satisfaction with **CSASecure**?



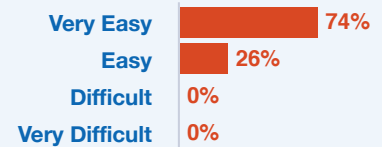
Are you saving time and money with **CSASecure**?



If you answered yes, how many hours a month do you estimate in time savings?



How do you rate the ease of use of **CSASecure's** Reports?



Would you recommend **CSASecure** service to other managers?



POWERFUL TECHNOLOGY, SIMPLE DESIGN

CSASecure's service has exactly the features you need and no more. We take care of all the details, including notice letters. All your property manager does is make the decision to remove service at a unit that you should not be paying for.

- Automated utility monitoring throughout the lease, not just at move-in
- Reduces time to identify delinquents from 60-90 days to less than three days
- Alerts your staff to new violations quickly with easy-to-read reports
- Enables fast disconnect decisions and automated notification
- Use alone or to enhance your cost recovery system
- Easy start-up in just a few hours—or less
- Interfaces with all major property management software
- No equipment or software to buy, no upgrades or maintenance hassles
- No IT investment or internal support necessary. Unlimited personalized support from BluTrend
- Customizable corporate reports track entire portfolio

WHY WAIT TO START SAVING?

CSASecure has become the new standard in the industry. It takes *much less* time and effort than whatever method you are currently using. Without burdening your staff or properties in any way, **CSASecure** can boost your properties' cash flow, NOI and, ultimately, their valuation.

Are you ready to stop losing time and money to utility theft? To estimate your savings, use our calculator at www.CSASecure.com. Then call us at 972-739-9900 or send an email to sales@csasecure.com for more details on what **CSASecure's** patented technology can do for your real estate portfolio.



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