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Best Practices Using Lockboxes

At first glance to the headline, you may be thinking “Who cares? – A lockbox is a lockbox.” In this article, we will discuss the many types of lockboxes and what we have found to be best practices in using them. In a lot of markets, these ideas can make a great deal of sense and be extremely useful in saving time and money, while potentially producing another stream of revenue.

THE DIFFERENT TYPES OF LOCKBOXES:

1. Combo Lockboxes – By the picture above, you can tell that we are fond of using combination lockboxes. We have gone through the MasterLock and the BlackDog lockboxes. The MasterLocks are easily defeated with a hammer to the face, or screwdriver to the side. Let’s assume that this will deter the honest thief who would stop at NOT having a lockbox combination, and not simply kick in the door or break a window to gain access to the home. We stopped using the MasterLocks because of their tendency to rust badly and not open. The BlackDog lockboxes were great in the beginning, and virtually screwdriver proof, however, the steel was so badly made that it would warp in our South Texas heat and not allow the users to open it without putting a real effort into it. This would cause agents to call us and tell us our lockbox was not working, when all it needed was a bit more gorilla force. Plus, these were very hard to find for purchase. The absolute best solution we have found, so far, is the lockboxes from MFS Supply. During some of their internet sales, you can pick up lockboxes for about \$17.00 per box. Great price considering the durability and design.

My recommendation is to have weatherproof, laminated stickers printed for numbering the lockboxes from 1-250, with each numbered sticker relating to a 4-digit combination. Keep that spreadsheet, containing the numbers and combinations, safe and under password protection. Be sure to have three to four copies of the printed labels. This way, when a lockbox has to be decommissioned, while “Taps” is being played, you can replace it easily with another sticker, and new lockbox. Or, you can go cheap and use a white Sharpie[®] marker. Either way, this method is another point of difference from you and your competition that uses ONE lockbox combo across their entire system.

2. Supra – Our local San Antonio Board of REALTORS[®]

adopted the Supra boxes a decade ago. They have served well throughout the duration, but are dying a slow death. Their batteries are starting to go and may no longer pop open with the electronic signal from your mobile phone or key fob. Only licensed REALTORS[®] can use these boxes, requiring an infrared opener with a code provided by the Board. These are the most secure; however, it makes it very tough to be used by vendors, or to employ some of the more advanced techniques discussed later. They are mostly used by sales agents for homes occupied by the sellers.

3. Satellite Boxes – These are the newest type of code boxes that communicate signals via satellite, which allows them to open. Without diving into this too much, there are several NARPM[®] vendors who can provide better information regarding best uses for these. In some markets, where distance between homes is a factor, these can serve well. When properly used, these devices can turn into a good profit center by not having to co-broker any homes under your portfolio and not having to pay another agent a commission to show your rental listings. If you have enough staff, or outsource correctly, this technique can turn into a way to control the showings of the homes you rent and manage, while providing an excellent service to tenants.

THE MANY DIFFERENT USES:

- **Showings (Accompanied)** – To easily facilitate access to homes, we employ combination lockboxes from MFS Supply. Each lockbox has its own specific 4-digit combination and is given out to licensed agents when they contact Centralized Showing Service (CSS) to show one of our homes. All of the lockboxes can assist in accomplishing what we would call an “Accompanied Showing,” where one of our agents, or another broker’s agent, is with that prospective applicant during the showing. This privilege can and has been abused by agents who have given out lockbox combos to whomever, and applicants “remembering” the code, then accessing the home too soon at the start of the lease. Overall, that type of poor judgment on either an applicant’s or agent’s part is few and far between.
- **Showings (Unaccompanied)** – These types of show-

In many cases, they may be willing to pay for this convenient service, possibly creating an additional revenue stream for your business.

ings have been gaining more and more traction in the last few years, especially with the advent of new technology. In most scenarios, the scheduling company would get some sort of ID or credit card to validate the prospective applicant prior to granting them access with either a combination or further instructions in using one of the Satellite Boxes.

Could the scheduling company charge for this level of convenience to a prospective applicant? Would that applicant be willing to pay a small fee to have the simple convenience of seeing a home at their earliest time and not having to wait for a showing agent to open the door? Talk to one of the approved NARPM® vendors on best practices for employing their satellite lockboxes or online scheduling services.

- **Vendors** – The invention of lockboxes was probably created by vendors, about the same time as the discovery of fire. Vendors love simple lockboxes with combinations. They do not want to go to an office, sign out a key, and then return that key, which is no safer than a lockbox. Clearly, this is also a wise place for thorough screening of vendors, and good key control measures. The latest technology of satellite lockboxes can allow for a vendor’s code, where each vendor is assigned a specific code to access the Satellite Box or Supra Box. The benefit is that you can track the vendor’s access, but the cost of technology (and technological failures) can run pretty high. Simple may be better here.
- **Move Outs** – Since a lockbox, such as a combination lockbox, is already on the home during the time of showing, your organization should put some thought into allowing for a Lockbox Move In with newly leased homes. You could consider this the “Fast Pass,” like at Disneyland®, to where the newly signed up tenants can go straight to the home, and gain access via the combination lockbox or satellite box. We insist upon the new tenant signing a form prior to the release of this combination, indicating they must pay the first month’s rent electronically, and have all utilities crossed over into their name. Keep in mind, by this point, you would most likely have a security deposit in certified funds, and a signed lease agreement. Should you feel the need to receive the first month’s rent in hand via certified funds, prior to allowing them to move in, that is an internal business decision. Or, if you want to require them to sign the lease agreement in person, there may be little place for this technique. We have found that tenants are extremely happy to NOT have to come to our office in heavy traffic just to pick up a key and pay rent. As another bonus, would the tenant be willing to pay for such a convenience? Could you offer this as an optional program with a small fee included? In Texas, we have to get the home rekeyed

by a locksmith within seven days of the tenant taking possession. We make these arrangements with a local vendor once the home has been occupied by the tenant and we have the locks changed, in front of the tenant (another feel good, by the way). Instruct the vendor to either pick up or leave the lockbox somewhere inconspicuous on the home. If the vendor removes the lockbox from the home, they can routinely drop off these lockboxes to your office in bulk.

- **Maintenance** – As mentioned above, you may want to leave the lockbox somewhere attached to the home (not in plain sight) in order for you to conduct maintenance on the home with an approved vendor while the tenant is not at the residence. With single-family homes, this has, in the past, been somewhat taboo. However, if you get a form signed from the tenant at the time of the work order request, allowing you to access the home, you would be covered. This is an optional program, and this could also fall into the “Fast Pass” idea again. Would the tenant be willing to pay for the convenience of NOT having to stay home from work to be present when the vendor arrives somewhere between 1 and 5 pm?
- **Move Outs** – This technique has excited us the most because it’s going to make it easy

for the outgoing tenants to surrender possession of the home back to the management company. Since we are allowed to remarket the home to prospective tenants during the last 30 days of our standard lease agreement, a lockbox gets put onto the home with a key inside. Rather than forcing the tenant to drive to our office in traffic to turn over keys to us in person, or through our drop slot, we allow them to sign an electronic form and to then send us an email photo of the keys and remotes left behind. This gives us a date and time stamp of the home being “surrendered” on our email system and is visual proof of which keys or remotes were left behind. If a remote that was supposed to be there is not, the tenant would get charged. The same convenience here would hold true as the “Fast Pass” ideas above. Would a tenant be willing to pay for the convenience of not having to drive to our office to turn in keys?

If you look at the simple lockbox as a form of convenience to your tenants that could be enhanced, they will appreciate the streamlined effect of their showings, move ins, maintenance, and move outs. In many cases, they may be willing to pay for this convenient service, possibly creating an additional revenue stream for your business. 🏠

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