

CELEBRATE YOUR TENANT

Steve Welty, RMP, is the Broker/Owner of Good Life Property Management, Inc., in San Diego, CA.

Research show that building great relationships with your tenants pays off. Large apartment communities do a great job of celebrating their tenants, while landlords in the single-family and condo space often struggle. Large apartment communities do things like community events, appreciation nights, holiday cards, raffles, and move-in gifts, to build better relationships with their residents. Some of these tools may not work for a single-family home landlord, but what we can mimic is how they approach the tenant relationship.

There is a pervasive business philosophy among many landlords, that I call, "Tenant Apathy Syndrome" or TAS. You will hear people with TAS say things like, "It's just a tenant." They look at the tenant as a necessary evil – a means to an end. They wonder, "How can I get away with doing as little as possible for my tenant?" They hope the tenant never calls or needs anything. However, they expect them to take great care of the place, pay more in rent each year, and stay forever. What other business has such a lack of empathy toward their customer?

Here some things the large apartment communities do to attract and keep the best tenants. You can do these things as well:

- Only show vacant homes that are rent ready. The best tenants only rent clean and attractive homes. You tend to attract bad tenants when you show a lived-in, cluttered home. Since the property shows better, you will get a better price when you show a cleaned and move-in ready home. The multifamily industry has done tons of studies on this. That's why they never show occupied properties.
- Provide move-in gifts or other special touches to your leasing and move-in process.
- Handle maintenance quickly, using professional vendors.
- Celebrate your tenant's birthdays and the anniversary of leasing.
- Be fair with tenant's deposit. Don't nickel and dime them when they leave the place in great

shape. This leads to fewer deposit issues, court appearances, and pleases the real estate gods.

- Welcome interaction with your tenants. Go out of your way to communicate.

Does this new way of approaching the tenant relationship mean every time a tenant asks for something, you need to do it? Of course not! Sometimes customers are unreasonable and demanding. It is our job to explain, in a professional manner, why we can't do something. Explain to the tenants that you as an owner have a fixed budget for this property, so certain discretionary repairs cannot be done at this time. Maybe you can revisit it later in the year? When communicated clearly and with professionalism, most tenants understand.

Hopefully you see the value in this approach and decide to make big changes to how you approach the tenant relationship. Even if you just change your mindset, you can operate your rental home profitably with fewer headaches.

LANDLORD

of Fremont

PROPERTY MANAGEMENT INC. EAST BAY

JAN/FEB 2018

THE 6 BASICS TO MANAGING YOUR RENTAL HOME

The famous football Coach Vince Lombardi started the first practice of every new season the same way. He grabbed a ball, got up in front of his players, held it up and said, "This is a football." Every year he started with the **absolute basics**. In the same way, let's begin this new year by reviewing the **absolute basics of managing your rental home**.



1. DETERMINING THE OPTIMUM RENTAL PRICE

Wise landlords determine what fair market rent is for their home and then set their price 3-5% below that. Resist the temptation to price it too high. Quality tenants with a 700+ credit score and 3 times the income deserve a slight "break" off the fair market rent. They will stay longer and cause less maintenance issues. Below is a link "Properly pricing your home." www.pmieastbay.com (Getting optimum rent)

2. BE PATIENT WHEN SCREENING

Choosing the most responsible tenant is always wiser than lowering your standards to shave a few days or weeks off a vacancy. A minimum 680 FICO score is just one of six criteria we use. The others are; income, criminal background, current employment, rental history and ability to begin the lease immediately.

3. USING THE PROPER FORMS

Another landlord basic is using the proper forms. This starts with the tenant lease and proper addendums. Our P.M.I. lease has 44 sections and 6 addendums. Each section requires the tenant's initials, that way we know they read it. The essential addendums include: smoke detectors, mold, bed-bugs, lead paint, insurance and a damage schedule. Below is a link to our lease and addendums. Feel free to use them. www.pmieastbay.com (owner resources)

4. PROPER TENANT MOVE IN

Upon move in, the home must be "hotel room" clean, free of any clutter, and safety compliant (all smoke detectors and CO2 alarms in place and working). This is crucial to getting off on the right foot with the tenant. Below is a link to the pre-move in checklist we use at P.M.I. to make sure the home is properly prepared. You are welcome to use it. www.pmieastbay.com (owner resources)

5. MAINTAINING THE HOME

It is crucial that your rental home, as we say in real estate, "conforms to the neighborhood." That means nice exterior paint and well-kept yards. Use vendors who are local and licensed. (Handymen do not have to be) Inspect the home twice a year

for working smoke detectors, any deferred maintenance, unauthorized pets or room-mates. Never go more than 12 months without inspecting the home.

6. FOLLOW FAIR HOUSING LAWS AND EAST BAY CITY ORDINANCES

We have to be very careful how we advertise, show, accept and reject potential tenants. I recently saw an ad on Zillow for a nice Union City home that read "Executive with family preferred." That is a lawsuit waiting to happen. In addition, carefully follow city ordinances, like the one passed in Fremont in 1997 called the Residential Rental Income Dispute Resolution Ordinance. Here is a link below to Fremont's R.R.I.D.R.O. <https://fremont.gov/rridro>

PMI EAST BAY



Professionally managing 400 homes in Fremont and nearby East Bay cities. Call owner Mike Connolly today for a free rental analysis. (510) 996-3238

WHAT MAKES TENANTS HAPPY

1. A place that is a bit under the market... a good deal
2. A place they can move into that is clean, safe and well lit
3. A place where everything is in working order
4. A place where tenants are proud to live
5. A place that respects their privacy
6. A place where the landlord/property manager responds promptly to reasonable requests
7. A place where the landlord/property manager truly cares
8. A place that keeps them informed
9. A place where rent increases are justified (provide a rent analysis with any rent increase)

Fremont's #1 Real Estate Broker
Specializing in 1031 Exchanges



Fremont's #1 Mortgage Broker
Working with Landlords



8 THINGS TENANTS ARE LOOKING FOR IN A FREMONT RENTAL



1. LOCATION

Just like any business, location is huge with your rental home. In Fremont "location" can mean:

- a busy street versus a quiet street
- close to Dumbarton (like Ardenwood) or close to 237 (like the Mission)
- close to Bart for those commuting to San Francisco
- close to shopping, parks, and schools (important for the parents of your tenants who don't drive)
- crime score — see how your Fremont neighborhood ranks at www.neighborhoodscout.com



2. SCHOOL DISTRICT

Many families looking for an East Bay rental home choose Fremont for its excellent school scores. The high school API scores rank as follows: Mission San Jose (963), Irvington (904), American (888), Washington (832) and Kennedy (790). Don't fret if your home is in the Washington or Kennedy District. These are still excellent scores and within each of these school districts are elementary and junior high schools that have excellent rankings



3. FRONT & BACK YARD

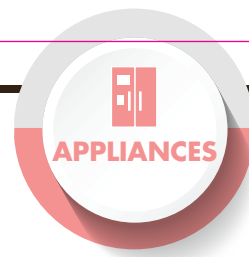
It is insulting to ask a tenant to pay \$3,000 or more per month with a yard that has dead grass, dirt or substandard landscaping. Make the investment in re-seeding or new sod only if you have sprinklers. Otherwise, go with low-irrigation landscape like, rock, bark or shrubs. Owners should always provide the gardener! Just build the gardener's monthly cost into the rent and put a watering clause in your lease. This way you know your yard will be well maintained.



4. INTERIOR PAINT

You only get one chance to make a first impression... and interior paint is that first impression. We always recommend:

- Forget touching up... you can never match new paint to old.
- Go with warm neutral colors like Kelly More "Bone" on the walls and Kelly More "Swiss Coffee" on the doors, baseboards and ceilings
- Eggshell finish for living, family and bedrooms
- Semi-gloss finish for kitchen, bathrooms, baseboards, and doors
- The average cost for both labor and paint for a 3-bedroom Fremont home is about \$3,000 for walls, doors and ceilings. Beware if you get a quote for much less than that. Be sure to include paint in your Damage Schedule Addendum



5. FLOORS

After the tenant has scanned over the interior paint, their eyes move down to the floors. Renters in Fremont always prefer a hard surface like hardwood, laminate or tile. Laminate is the most practical and popular with Fremont renters and runs about \$5.50 per square foot installed. It looks and feels like real wood, can last 30 years, and is pet friendly. Make sure your laminate is 12mm thick and always put a padding underneath. The number two flooring choice for a potential tenant is new carpet (about \$3.50 per square foot). A distant third choice is used carpet. In fact, most potential Fremont renters will make a quick U-turn if they see any used carpet in a home, even if it looks fairly good.



6. APPLIANCES

When it comes to appliances in your Fremont rental we recommend:

- All appliances be tested between tenants
- A refrigerator always be provided
- Try to keep the appliances matching in color. If you deviate, go with stainless for a little more of a "wow" factor. (Stainless appliances cost no more than appliances in black and white)
- Advertise "Washer/Dryer Provided," but don't buy them until you have your tenant finalized. About 25% of tenants have their own.



7. CLEAN, CLEAN, CLEAN

Imagine how a 4-star hotel room looks when you swing open the door. That is the cleanliness you want to provide your new tenant. Remove any and all clutter from the garage and/or backyard and have the appliances, bathrooms, floors and inside windows professionally cleaned. This will get you off on the right foot with your tenant and also set the standard of how you expect them to care for the home.



8. PUTTING IN TIME

Managing an East Bay home properly requires 40-50 hours of your time per year. This entails marketing, leasing, move-in, maintenance, inspections, rent collection, tax filing, rehab and keeping up with Fair Housing and East Bay rental laws. Any less than that and you may be short-changing your tenant and not maximizing your R.O.I.



mike_connolly



Can you believe...

Rakesh Kumar and his wife Balvir were married in Fremont 18 years ago. Their wedding was held at their best friend's apartment which P.M.I. manages at 38771 Bell Street in Fremont. (across from the Hub). Recently the couple re-located back to Fremont and saw the same apartment up for lease. Here they are in our office last month signing the lease for the same apartment they were married in 18 years before.

East Bay Median "Asking" rent for a 3-bedroom home as of December 2017:

Fremont	\$3,140	Castro Valley	\$2,906
Newark	\$3,099	Pleasanton	\$3,353
Union City	\$3,058	Livermore	\$2,956
Hayward	\$2,853	Dublin	\$3,296
San Leandro	\$2,876	San Ramon	\$3,378
Milpitas	\$3,189	Source: Rent Range	



CALL MIKE AT P.M.I. TODAY FOR AN "OVER THE PHONE" RENTAL ANALYSIS OF YOUR HOME (510) 996-3238



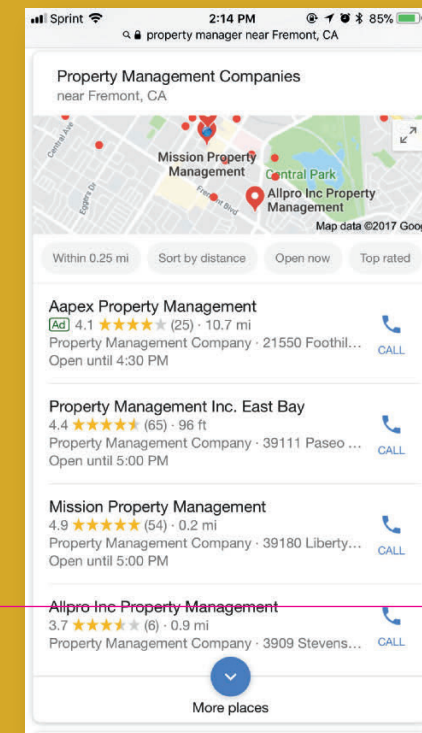
WELCOME ABOARD NEW EAST BAY OWNERS IN DECEMBER:

- SUSAN BORDERS
- XIN GAO
- DAVID & LILY TSO
- FRANK SANCHEZ
- PRISCILLA FUNG
- PHU QUACH
- CLARK & KACY PLEHIERS
- SHUI SHI YANG
- FAEDA & SAID NABHAN
- TYLER MCGEE
- JIN WU

P.M.I. SAVES YOU MONEY!

Almost all property managers charge \$300 - \$350 to renew a lease with an existing tenant. For all its clients P.M.I. performs an annual rent analysis and lease renewal for just \$95!

P.M.I. EAST BAY IS #1 ON GOOGLE For potential renters searching in Fremont



Ha... Ha...

A Christian landlord knocked on the front door of a tenant who owed him money. It seemed that someone was at home, but no one came as he repeatedly knocked at the door. Therefore, he took out his business card and on the back wrote "Revelation 3:20, 'Behold I stand at the door and knock,'" and put it under the door. The next day he received a text from the tenant which read, "Genesis 3:10 I heard your voice in the garden and I was afraid, for I was naked."

