

How To Hire a Property Manager



EVERYTHING YOU NEED TO KNOW ABOUT HIRING A PROPERTY MANAGEMENT COMPANY

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Pros & Cons of Hiring a Property Management Company

Deciding to hire a property manager can be a challenging process. Maybe you've never managed before and aren't sure what you should be looking for in a manager. Maybe you've had a property manager but it didn't go as well as you'd hoped and now you're wondering if it's still the best option for you.

There are advantages and disadvantages to hiring a property manager, depending on what you are looking for. You might have a basic understanding of fair housing laws, making it easier to manage on your own. Or you might be panicked because you want to start renting your home, but it needs a lot of updates.

At Good Life, we believe that property management can resolve a lot of the headaches you get while managing your own property. However, we understand that it's critical to know all the pros and cons before making this decision.

Here's what you should consider when debating if you should hire a property manager.

PROS of Property Management Companies

Experience in the Industry

A property management company likely has years of experience managing homes. Depending on how long they've been in the business, they should have a defined process. Some companies post each step of this process on their website.

Most property managers are licensed real estate agents, meaning they have an education behind them as well. This allows them to know the ins and outs of the market, how to price homes (renting or selling) based on a number of factors, etc.

Over the years, they've dealt with tenant disputes, roommate changes, lease breaks, evictions, and more. These are things that can often be overwhelming for an ordinary landlord, especially if you have never managed a property before. Thankfully, property management companies have handled these issues and learned the best ways to combat them.

Property managers have also studied fair housing laws and local laws that can affect landlords and tenants. Some of these laws are very specific and without reading through all of them, one could easily break them.

Frees Up Your Time

Managing a property is a time-consuming task. You are on call 24/7, so be prepared to have to leave your kid's soccer game early to resolve a maintenance issue. Not only are you responsible for that, but also for payments, lease issues, etc. It's essentially a second job.

Hiring a property manager to take on these tasks frees up a lot of your time. Taking care of broken windows or leaking pipes will no longer be your job. You'll be able to go about your life without the constant worry of being interrupted.

Your stress levels will likely go down once you hire a property manager as well. No more piles of paperwork and tenant disputes to deal with. You can live with the reassurance that your property manager will take care of everything and only contact you for emergencies.

It also allows you to move out of the area. When you manage your own property, it's necessary to be close to your home so you can respond quickly to maintenance requests and perform walkthroughs. Hiring a property manager means you can move elsewhere because they will be taking on these duties.

Maintenance Response Time

One of the biggest inconveniences about managing your own property is dealing with the maintenance issues. They come up anytime and can often be a bigger problem than you are prepared to deal with.

Property managers not only respond to these maintenance issues quickly, but they typically have multiple vendors that can tackle the job. This saves you the hassle of having to research different vendors and decide which one is the best fit.

A property management company likely has someone that is a dedicated maintenance manager or has a manager that's experienced in handling maintenance.

Shorter Vacancy & Tenant Retention

People often think that once a tenant signs a lease for your property, the difficult part is over. However, that tenant isn't going to stay forever, and at some point you will have to find a new one.

Long vacancy periods can quickly decrease your profits when it comes to managing your own property. You want to get a new, qualified tenant into your home as soon as you can once the current tenant decides to leave.

Property managers are skilled at preparing the home for rent and doing it in a timely manner. They are used to tenants leaving (even at a moment's notice) and will be prepared to start marketing the home and getting it ready for rent once the old tenant vacates.

They are also skilled at retaining tenants. Both you as the owner and them as the managers want the tenants to be happy and feel like they are in good hands. If they have a good experience in the home, they are likely to renew the lease if they plan to stay in the area.

CONS of Property Management Companies

Expense

The biggest obstacle people see when determining if they want to hire a property manager is the cost. Property management is a paid service and those initial dollar signs can deter people that think they can do it themselves.

Most property management companies will charge a monthly fee, which is typically a percentage of the month's rent (standard rate in San Diego is 8-10%). On top of that, there might be a leasing fee. This fee goes toward the marketing of your home, i.e. listings, photos and video, etc.

There might be miscellaneous fees as well, depending on the company. Some charge a cancellation fee, extra maintenance fees, renewals fees, etc. Keep an eye out for these fees. Some companies claim to have a low management fee but then charge extra fees on the side where other companies might not.

Lack of Involvement

Some owners prefer to be involved in every decision that is made with their property. This can be difficult if you choose to hire a property management company because their system works best with a hands-off approach.

Property managers likely won't involve you for minor tenant issues, maintenance issues, or other trivial matters. This is because they are equipped to handle these issues and have learned the best way to do so.

Property managers understand that your property is your baby, so to speak, and you want it taken care of. However, hovering over every move they make only makes their job more difficult. If you are someone that needs to be hands-on at all times, perhaps self-managing is a better fit for you.

While property management is an expense, the pros outweigh the cons for most people. If you can afford it, your life will be less stressful and you'll have more time for other ventures.

Responsibilities of a Property Manager

If you've been managing your own rental property, you might not be entirely sure what a property management company does. Sure, they take over managing your property, but what does that include? What are their processes?

The point of hiring a property management company is to free up your time while feeling confident that your manager will take good care of your property. Most handle everything from tenant selection to maintenance repairs so you don't have to.

Before you hire a property management company, you should know what tasks they perform and how they handle things like rent collection and tenant disputes. In this article, we'll tell you what the basic responsibilities of a property manager are and how they operate.

Marketing & Leasing

When you first hire the management company, they should do an initial walkthrough video of the home that includes recommendations of what to repair and update. These recommendations are made to improve your home to attract better tenants and decrease your odds of long vacancies. They may also include needed repairs to bring the home to move-in ready status and comply with any regulations such as required smoke alarms or door locks.

The property manager will be in charge of the marketing of your home. This includes photos, videos, website postings, and showings. It's their job to market effectively so your home can rent quickly and easily.

There should be examples of the kinds of photos they take on their website and/or Google page. Photos should showcase each room and have adequate lighting. You want the photos to show all the space in the home and highlight its desirable features.

Property management companies should be skilled at setting proper rent for the area your home is in. Good companies will run a rental analysis that breaks down what your home should rent for and why. Some companies, including Good Life, have this tool on their website.

They'll post your home listing on their website as well as popular listing sites such as Zillow, Craigslist, and Trulia. Once your home is posted and receives applicants, they will be responsible for selecting the tenant and drafting the lease.

Screening & Selecting Tenants

Property managers will be screening prospective tenants. This means they'll typically run credit checks, contact rental references, do a background check, etc. to find the best tenant for your home. Some companies will choose the first qualified while others will select the best qualified from a handful of applicants.

Established property management companies should have a written rental criteria that outlines what they consider when selecting a tenant. Having this document written down is important because it allows you, the owner, and the tenants to see why they may not have been chosen. It also decreases the chances of claims of a Fair Housing violation if the property manager can point to published criteria as to why an application was denied.

They will also draft leases and make modifications, if necessary. They will typically have a standard lease that all tenants must sign. This may also include any required disclosures such as notices about lead, asbestos, and bed bugs. There may also be special lease provisions you want added into the lease, such as what utilities or services (landscaping, pool cleaning, etc.) the tenants are responsible for, or for any pets.

Rent Collection & Accounting

They will also collect the rent from tenants. Some companies will have a specified property accountant for this role. They will be responsible for making sure everyone has paid and will enforce late fees for those that do not.

Should a tenant refuse or neglect to pay rent, the company will be responsible for starting an eviction process. They likely have an attorney that will assist them with this process though most homeowners are responsible for the legal fees.

Once the rent is paid, they will deduct the portion of the rent that goes to them (management fee) and other miscellaneous charges (such as a repair that occurred during the month). Then, they'll pay you the remainder. Most companies include a statement with the deposit that itemizes any expenses incurred during that month.

Be sure to clarify whether the company does full-month or mid-month accounting. This will affect when you are paid each month and how you keep your records. They will also set the security deposit for the tenants. At move in, they will collect the deposit and when the tenant moves out, they will deduct any necessary fees and return the rest to the tenant in accordance with local regulations.

Maintenance

Property managers will be handling all maintenance at your property. This should include the initial repairs and improvements to make the property rent ready after you hire them as your management company.

They should have a list of trusted vendors they use for repairs. Some property managers have a contractor's license and operate their own maintenance team. They need to have a process for maintenance requests, whether they are urgent or not. This makes it easy for the tenant to submit a request and the manager to get it handled quickly.

Most property management firms have a process for tenants to submit maintenance requests, including after-hours emergencies. Depending on the company, tenants can submit requests online via a maintenance portal like Appfolio or Buildium or submit to the manager directly.

Other Management Duties

During the tenancy, the property manager would also be responsible for enforcing the lease and resolving disputes. This could include repairing tenant-caused damage, correcting HOA violations, and periodic walk-throughs to ensure the tenants are keeping the home clean.

The property manager would also advise if a lease should be renewed and bring the rent up to market standards. With the complexities of cities with rent control or if your tenant receives government housing vouchers, the property manager can guide you through how much, and how often, rent can be raised.

When necessary, the property manager can also modify the lease. Common lease modifications, or addenda, are roommate changes, adding a pet, or allowing the tenants to modify the property such as installing a satellite dish or repainting the walls a different color.

When the tenant gives notice to move out, the manager will prepare to find a new tenant. The period between the old tenant moving out and a new tenant moving in is called a **vacancy period**. Be sure to ask any manager you plan to hire if they track their vacancy period; it will give you an idea of how quickly and efficiently they can replace tenants.

What to Look Out For in a Property Management Contract

When you're getting ready to sign a contract with a property management company, you should know what to look out for. This document is going to outline what you should expect from the company and what your role is while working with them.

It's easy to overlook things when signing a contract. You might be so focused on the inclusion of certain things that you miss other items entirely. At Good Life, we review the contract with you and recommend that you read it thoroughly. However, we realize that it can be stressful to sign a contract, especially if this is your first time hiring a property manager.

We've compiled a list of things that will likely be included and things you should look out for in a property management agreement.

Disclaimer: We are providing these tips for educational purposes. We always recommend speaking with your attorney regarding any legal matters.

Services

This section should outline what services the company will provide, i.e. leasing the property, managing the property, maintenance and repairs, etc. Occasionally, these will be separated into their own individual sections.

The leasing section should mention how they screen tenants, advertise, and modify leases. Typically they will briefly address how they market the property, i.e. signs used, websites, etc.

It will also state that the manager has the power to enforce lease, not the owner. This is to prevent unnecessary interaction between the owner and tenant.

The document should also cover what their maintenance threshold is. Some companies will notify you of every repair needed while others might only notify you if the repair exceeds a certain amount. It should also specify what the protocol is when there is an emergency repair required.

Fees

This section should outline what the management company charges for each service. Property management companies take a percentage of the monthly rent as payment (standard in San Diego is usually between 7-10%). It should also state when they collect this fee.

It should also outline any extra fees that will be associated with their management. For example, many companies charge a leasing fee once a tenant is placed. This fee should cover marketing and tenant placement.

Their fees section might also mention other charges like extensive make-ready repair or upgrades, inspection fees, etc.

Don't assume that a higher management fee is an immediate red flag. Some companies prefer to charge an all-inclusive management rate that might be higher than the average, but they give you more for your money. You should pay attention to the management fee along with the other fees. A company may charge a 6% monthly management fee, but also charge you for vacancies and other miscellaneous things.

Cancellation

Every contract needs to have a section detailing how to cancel services or what will happen if the property management company terminates the contract early. It should state how the remainder of the funds are paid out as well.

Duration/Term of Agreement

Many owners don't know they're in a year contract until it's too late, i.e. they want to change companies or go back to self-managing. Pay attention to the length of term. Some companies do yearly contracts whereas other companies run things on a month-to-month basis. Be sure to check if the agreement auto-renews (common with monthly agreements) or not.

Compensation for Special Services

There are certain things that fall outside the scope of a normal management contract, such as representing an owner at a Homeowners Association meeting. Some managers will require additional compensation for these services.

Collection and Disbursement of Income

This section will state when you, the owner, will be paid. It should also explain how expenses associated with the property get paid. It will detail how accounting records and reports are dispersed to you.

Look to see if your property manager does mid-month or full-month accounting. This can affect your owner statement, your ability to keep records, and the date in which funds are released to you.

Affiliates

Here, your property management company would list their ownership interests in affiliated companies and organizations, if they have any. For example, some companies also have an associated realty company. This would be listed in this section.

For example, if they own the maintenance company that does the work on your property, they would disclose that here.

Owner Obligations

In this section, the property manager will outline what obligations you, the owner, have in regard to agreement. This could include not communicating with the tenants, leaving personal property in the home, or agreeing to keep the property in habitable condition.

This is an important section because it tells you what your responsibilities are once the contract is signed. Property management companies run best when the owner abides by what is stated in the obligations section.

Insurance

This section will outline what type and amount of insurance you would be required to maintain throughout relationship. **Most property managers require roughly \$500,000 in liability coverage.** If they don't require insurance at all, it's a red flag.

Most managers also look to be named as "additionally insured" on liability portion of owner policy. This is so they can have equal representation should a liability claim be filed.

Owner Indemnity Obligations

Indemnification clauses are included to compensate for a harm or a loss, typically by monetary means. This section states that the owner will not take legal action against property management company unless company is grossly negligent. This will stipulate in which instances a manager could be in violation of the contract.

Attorney Fees

States that if an owner hires an attorney, it's considered an operating expense, i.e. it is paid for by you, the owner. In some circumstances, it may be reasonable for the owner and the manager to split the cost.

Tax Withholding

This section will review the CA law stipulating that property managers need to remit 7% of taxable income to the franchise tax board. It should go over how much money the property manager will send to tax board for out of state or non-US residents. For non-US residents, property managers need to remit 30% of gross rents.

Mediation

Mediation refers to when both parties choose to resolve a dispute with a third party mediator. This states that both parties agree to mediate before resorting to legal action. This prevents unnecessary legal fees for both the owner and the manager.

5 Things Every Property Management Company Should Have

Hiring a property manager can be a challenging process. There are likely dozens of property management companies in your city. How will you know which one will do the best job?

Oftentimes people aren't sure what to look out for or how to tell if someone is the right fit for them. We have a list of essential questions you should ask any property management company you interview.

In addition to those questions, we've created this list of important things a property management company should have. When you're researching property management companies, keep the following things in mind.

Good Reputation & Reviews

In this day and age, reputation is highly important in the property management industry. Because of the saturation of property managers in each city, a poor reputation can quickly affect the amount of business you get.

Many people hear about property management companies through word of mouth. Ask your friends, fellow investors, and coworkers who should manage your home. You can even ask real estate agencies if they have recommendations. Good property management companies likely work with real estate agents to gain relationships with potential owners.

Another thing to check out is the company's reviews. Yelp and Google reviews are extremely important. When someone has a bad experience, they leave a review. When someone has a great experience, they leave a review.

Pay attention to the number of reviews a company has. You might see a 5-star company, but upon further examination, find that they only have three reviews. The more reviews a company has, the better idea you can get of what people actually think of them.

If they have bad reviews, do they respond to them? This is something that can make great property management companies stand out. Thoughtful, genuine responses to unhappy customers (like in this article) can make a big difference, oftentimes resulting in an updated review. At the very least, it shows that these companies care about each customer's experience.

In addition to bad reviews, check out the good reviews. What makes this company the best? Is it their great communication? Their quick turnover process? Chances are, people that had a great experience will make it known.

Transparency

Be wary if a company isn't willing to disclose a lot of information on their website. For example, do they state their pricing? One of the first things you'll want to know during your research is what price range you're looking at. If a company makes this information hard to find or unavailable, this might be a red flag.

There are plenty of companies that list their management rates and fees on their website. Why waste time struggling to find your answers on a website for a company that doesn't want you to have them?

The management contract needs to be owner-friendly as well. It should be easy to read and not too long, i.e. 15 pages.

Transparency is also important during the management period as well. You won't want to feel like your manager isn't telling you something important. You can reference reviews to see if this is the case. Former clients will likely comment on a lack of transparency if there was one.

Detailed Website

It's crucial for property management companies to have a good website. We are living in the digital age and people want to be able to access the information they need in a matter of seconds.

There's nothing more frustrating for a potential customer than searching the website for answers and not finding any. You should be able to easily find things like available properties, management services, and a contact page. You should also see if they have educational content, such as a blog or a FAQ page.

Their property listings should be detailed as well. Do they have clear photos and a video tour? Each property should have a good description and a list of included features or amenities. Pay attention to where they list their properties, too. If you google the address, it should come up on popular listing sites like Zillow and Craigslist. This is how your listing will be marketed so check out how they are marketing listings now.

They should also have a detailed bio about their company and possibly a list of team members. People often want to know who they'll be working with when they're hiring a company. A company that has this information on their website wants you to have all the facts before you sign.

Professional Designations

Property managers should also have some professional designations. You might want to see if they have any involvement in the National Association of Residential Property Managers, or NARPM. A membership to NARPM ensures that the managers are staying up to date with news and laws related to property management. Common designations from NARPM are RMP, residential property manager, and MPM, master property manager.

Property managers should have a real estate license. Not only does this give them more knowledge of the industry but it also gives them access to the MLS, or multiple listing service. This service gives them access to home listings so they can get a better idea of sale prices and neighborhood stats. You want a property manager, not a realtor that does property management. This will ensure that all of their time is dedicated to you.

Expertise

Having a good amount of experience is highly beneficial when it comes to managing a property. Companies that have been in the business for years have likely encountered many problems and have learned how to handle them.

For example, you might want to ask if the company has handled an eviction before. This can be a challenging task and in the unlikely case that someone will have to be evicted from your property, you want to be sure that the management company knows what they're doing and follows the law.

Additionally, they will have years of experience watching the rental and sales market, learning how it fluctuates during certain times of the year. They should understand when to raise the rent and by how much. They'll also know how to attract and keep good tenants in your home.

You want what we call a "big A" agent, not a "little A" agent. A "big A" agent takes care of everything for you. You won't have to worry about your property because they have everything handled. They will pick the tenant, take care of leases, and only involve you for big things, such as a contractor issue. "Little A" agents simply take orders from everyone else, whether it be you, tenants, vendors, etc. They don't provide nearly as much guidance and tend to slow down the process by deferring to others for everything.

Your property management company should be a resource for you. They should be able to answer any questions you have and thoroughly inform you of their process. They should also have resources on their website, such as a FAQ page, downloadable eBooks, etc.

A good property manager should also know their numbers. This shows that they're organized and keep track of their properties efficiently. Common numbers they should know are:

- Average length of tenancy
- Days on market
- Rent for each area
- Cost to make the average home rent-ready
- Number of leases signed per month
- Vacancy rate

How Much Does Property Management Cost?

If you've decided that you're in need of a property management company, your first question is probably "Well, how much does property management cost?"

There are a number of different fees a property management company can charge. Some companies will charge a lot of fees, some might only charge one. But more important than how many fees they charge is the total cost. You might feel overwhelmed when trying to figure out what all these fees mean and how all the costs add up.

You'll also want to know what exactly you're getting for your money. Good property management companies should have a page on their website that educates you about all of their services and what those costs are.

At Good Life Property Management, we know you're concerned about the different prices and fees associated with hiring a property management company. You want a company that cares about your property and will do a good job for a reasonable rate.

Today, we'll go over management rates, fees, and other costs associated with hiring a property management company.

Management Fee

The management fee is the basic fee that property managers charge for their monthly services. This fee is usually a flat percentage, i.e. 8% of the collected monthly rent. The average percentage for property management in San Diego **typically falls between 7-10%**. For example, if the monthly rent is \$3,000 they'll charge you between \$210-\$300.

Typical services included in the management fee are as follows:

- 24/7 Maintenance
- 24/7 customer service
- Onsite visits for emergent situations
- Monthly property accounting
- Communication with tenants
- Year-end statements
- Copies of all invoices and work orders
- Property evaluation
- Before and after photos of repairs

Take a good look at the company's service page to make sure they offer the services that are important to you and that you're getting your money's worth.

Areas that have lower rents will likely have a higher management fee percentage. For instance, if the average rent in Austin, TX is \$1500 a month, their fee might be 10%; whereas with a San Diego average rent of \$2200, it's common to have a management fee closer to 8%.

Leasing Fee

Another common fee charged by property management companies is the leasing fee. The leasing fee covers the preparation, marketing, and leasing of the property. The management company will typically do a walkthrough of your home once you hire them. This is so they can make recommendations on what aspects of the home need improving or repairing.

Once you make any necessary improvements, they'll take photos and video of your home to prepare for the marketing. Most companies use websites like Zillow, Trulia, and Craigslist to market your home.

When the applications start coming in, they'll be responsible for tenant screening and selecting. Once the tenant is selected, they'll draft the lease and get it signed. They should also be assisting with move-in preparation and billing set-up.

All of these services fall under the leasing fee category and will typically cost anywhere from no charge (but possibly a higher management fee) to half of one month's rent. Some companies price theirs at a flat rate depending on what exactly they provide.

For instance, one company might not have a leasing fee, but they don't provide marketing videos or move-in set-up. Another company might charge a flat rate of \$400, but they provide all of those services listed and more. Usually this fee is due once the property is rented. If the companies charge a fee upfront, this is a bad sign. It is common in our industry to charge once the service has been provided.

Miscellaneous Fees

Occasionally property management groups charge a maintenance fee. This is a percentage charged on top of any maintenance work they coordinate. For example, they may charge 10% on top of any maintenance job. So if a new garbage disposal costs \$100, you will be charged \$110. That \$10 goes to the management company.

We see companies that manage in lower income neighborhoods of San Diego such as Chula Vista, Escondido, San Marcos, and Vista more commonly charge a maintenance fee as these areas typically require more maintenance over time.

Companies will tell you the idea behind this is that it keeps your home in better shape as maintenance is a revenue center. Routine maintenance can help keep these annual costs down.

Some companies will cover repairs up to a certain amount and get paid back with the rent, others will expect you to pay it in full.

Some companies have a lease renewal fee. This charge is for renewing an existing lease when a tenant renews for another year. This fee is not very common in San Diego. When it is charged it's usually \$100-\$200.

Eviction fees are less common but can occur with problematic tenants. The property management company may charge you extra to go to court to evict a tenant. You'll likely have to pay up to \$600-\$1200 for an eviction attorney, not including any court fees. At Good Life, we cover evictions up to \$1200 for tenants that we placed.

Vacancy fees are rare, but some companies will charge a small (\$50-\$100) vacancy fee if the property sits vacant for a while. Property management companies should be efficient at filling vacant homes, so be wary if a company charges this.

Total Cost

So what's your total cost for hiring property manager? It depends, but typically you'll spend about **\$1,800-\$2,500 per year per property**. This number might go up if you have multiple properties or a large apartment complex.

Savings: Tax Deductions

Since property management is an operating expense for your rental business, it's usually tax deductible. This means that even though you're paying upwards of \$2000 a year, you can claim it on your taxes as a write off.

For example, if you are in a 25% federal tax bracket and 10% state tax bracket, that would bring your total cost down from \$2000 a year to roughly \$1,300.

Time Savings

Keep in mind that while you will be spending some money on property management, it will be saving you a lot of time. Instead of being on call 24/7 and managing tenants, you'll be able to spend more time doing the things you love.

Chances are you might have a full-time job already and becoming a landlord might be too much of a strain, especially if you have kids. Hiring a property manager can give you back some time while also effectively managing your property.

5 Essential Questions to Ask a Property Manager

So you've decided to hire a property manager. Whether it's because you no longer have the time to manage, you've acquired more properties, or you just want someone with a little more experience to handle your property, a property manager can likely help you with your problems.

Gone are the days where you're forced to do your own maintenance, select your own tenants, and handle property accounting. These days there are hundreds of good property management companies to choose from that specialize in managing homes just like yours.

However, not every property management company is the same. Between different prices, philosophies, and services, it can be difficult to narrow down which company is right for you.

To help you through that process, we've come up with a list of 5 questions you should always ask a property manager.

- What kind of involvement do I have as an owner?
- How often do you do inspections?
- How long are your properties typically on the market?
- How long will it take to make my home rent ready?
- How do you screen tenants?

The goal of these questions is to help you figure out which companies will best be able to serve you and take good care of your properties.

1. What kind of involvement do I have as an owner and what decisions do I get to make?

All management companies are different. A property manager will serve as the middle man between the landlord and the tenant. This relationship works best when you let the property manager have the majority of the control.

If you've managed your own properties before, you might be hesitant to fully let go and let someone else do all of the work. However, if you are micromanaging everything the property manager does, it will likely slow down the process.

For example, when a property management company first takes on your property, one of the first things they'll do is a walkthrough of your home. They'll inspect the exterior, the front and backyards, and all of the rooms. The goal here is to see what aspects of your home might need to be updated or replaced. As the owner, you have the final say on which updates are made as you are the one paying for it.

Property managers will likely notify you about big repairs and emergency repairs as well. Minor fixes usually aren't worth the extra time it takes to notify you.

2. How often do you do inspections?

Routine inspections are an important part of good property management. This insures that your property manager is monitoring the property and any issues that may arise with it.

A property management company should inspect the property a **minimum of once per year, preferably every six months**. They should have a checklist of what they are looking for, i.e. chipped paint, old water heaters, etc. Annual inspections provide the property managers with the opportunity to catch any unreported maintenance issues or tenant-caused damage. It's best to address these things quickly as letting a problem fester for a mere two extra months can cause a lot of damage.

The manager can also check for any unauthorized pets or tenants in the home. If someone did not put down a pet deposit at the start of their lease, but you see obvious pet damage, you can make note of that.

At some point, they will have to inspect the home while it is occupied. They should be letting tenants know beforehand when they plan to come, and at least one person should be home. This also allows for the tenant to bring up any issues or problems they may be having with the home. Doing these inspections, annually or biannually, gives you and the property manager reassurance that things are running smoothly.

3. How long are your properties on the market?

Make sure you ask what the company's vacancy rate is. Property management companies should be tracking their vacancies. If they don't know this number, it likely means they aren't keeping track of their data.

Because of this, they won't know how to fix long vacancies if they don't know how many they have. A property should typically rent within 30 days of putting it on the market. If they have many properties that exceed this number, ask them why.

Longer vacancy rates could mean that the properties are priced too high. Sometimes a home gets priced too high because of the neighborhood it's in or the features attached to the home. An experienced property management company should be able to take these factors into account and still accurately price the home.

It could also be because the property isn't advertised properly. Poor quality photos that don't do justice to your home can make it hard to garner interest in your property.

4. How long will it take to make my home rent-ready?

It's important to know how long it will take to get your home ready to put on the market. You might be expecting the property management company to put your house up as soon as they acquire it, but there are a couple factors that go into this.

When a property manager takes on your home, one of the first things they will do is evaluate your home for needed updates and repairs. A typical make-ready (the process to get your home ready for rent) at Good Life takes roughly 7-10 days, depending on the property.

Older homes will typically require more updates than modern homes. If your home has a lot of outdated light fixtures, old wallpaper, and peeling paint, it might take a few more days than expected.

While you might want them to speed things up and get the house on the market, it's best to listen to their recommendations. When it comes to updating your home, they know what will attract and keep tenants. After all, nice homes typically attract nice tenants. The goal of this question is to establish a timeline and keep expectations realistic.

5. How do you screen tenants?

Property management companies generally have specific criteria when it comes to screening tenants. For example, at Good Life, we check credit, criminal history, income verification, and rental references. This is standard for most property managers.

A property manager should always run a credit check on an applicant. A low credit score is usually below 619 and can affect your initial deposit amount. It is typically required that the applicants make at least 2-2.5 times the rent as a household. If a co-signer is required, this might be higher.

Another important aspect of tenant screening is checking their rental references, whether it be an apartment complex or former landlord. This allows you to confirm with their prior management that they paid rent on time and were good tenants.

It also ensures that they are not lying about previous rental history and clarifies exactly who they were renting from. Some people will put down a parent or friend as a landlord, thinking you might not check their references.

When it comes to the selection of the tenant, most property management companies will pick the tenant themselves. They usually recommend this because there are a number of Fair Housing laws that owners are not aware of. If they are responsible for picking the tenant and end up violating one of these laws, it can be an expensive mistake.

Even if you think, "Well, I don't really want to rent my home to college students/a family with kids," that is against the law. It might seem like a simple thing, but any kind of discrimination is discrimination. It's best to leave it to the professionals as they likely have a written, non-discriminatory rental criteria.

There are typically two different ways property managers select a tenant--best qualified and first qualified. Best qualified is when the property manager waits to receive a decent amount of applications (this will vary depending on how quickly the property acquires them) before selecting a tenant. This allows them to screen multiple potential tenants and choose the one that is the best fit for your property.

First qualified means that the property manager will select the first tenant that qualifies, i.e. they have good credit, rental references, etc. The downside to this is that you don't see as many applications. You might push through the first qualified but miss out on someone that had better credit or a longer list of rental references.

8 Things You Should Avoid When Using a Property Manager

Hiring a property manager can be a great thing for you and your property. It frees up your time and allows you to have more energy for the things you enjoy. However, if you haven't had one before and you are used to managing yourself, it can be a big adjustment. Putting your largest asset in the hands of someone else can be a bit nerve racking and lead to you micromanaging your manager.

The goal of the property manager is to make this process easy for you. In our experience, things tend to run smoothly when the managers understand the owner's goal for the property and there is clear communication. Homeowners should hire property managers that look out for their best interest while also helping them achieve their long term goals for the property.

These are the top 8 things we recommend you avoid doing when working with a property manager to ensure the best possible outcome for you.

Communicating with Tenants

You hired a property manager to be your buffer. This means that they handle any and all tenant communication. This is easier for the tenant so they don't get confused about who they should be talking to. Things get messy when the tenant starts contacting you for some things and the property manager for others.

This is also better for you because you shouldn't have to worry about communicating with your tenant. It will add stress to your life by making you an accidental middle man for the tenant and the property manager.

Involving Yourself in Marketing and Tenant Selection

In a perfect world, you would not know who your tenant is. The property manager would select a qualified tenant and when the lease is up for renewal, recommend if you should or should not renew them.

Many owners feel the need to have a hand in picking their tenant because they want to control who is in their home. This is understandable. These people will be living in your home for at least a year and you want to make sure you feel comfortable with them.

However, the homeowner picking the tenant can quickly lead to fair housing violations. Property managers have taken courses in fair housing and understand what is allowed and what isn't. Management companies usually (and should) have a strict, written rental criteria that they follow. This prevents any favoritism and ensures that they are selecting tenants in a non-biased manner.

Replacing Appliances with Lesser Quality Versions

Tenants rent their homes as they are at the time they move in. This means they expect that if something breaks, it will be replaced with something of similar quality. Trying to downgrade an appliance will leave a bad taste in the tenant's mouth and increase the likelihood of the appliance needing additional maintenance or not having a very long lifespan, essentially costing you more money in the long run.

Not Adjusting the Rent When There's No Activity

We understand that it's frustrating when your home isn't renting for the price you wanted. This is especially difficult when you've been told what the value of the home is and what it should rent for.

Different seasons mean different attainable prices for your rental property. Summer usually has the most property activity because college students, young professionals, and families are moving.

If your home is sitting on the market with little to no activity for 1-2 weeks, the price is likely too high for the market or season and needs to be adjusted. While your home might rent for \$3,000 in July, you may have to drop to \$2,700 or lower in winter months.

While initially you might think that you're losing money, pricing the home correctly saves you on vacancy costs. Long vacancies will cost you much more in the long run than lowering the asking rent by \$50-\$100.

Cleaning the Home Yourself

Preparing the home for the market requires a deep, thorough cleaning. One that is best left to professionals. They have the materials and tools required to make your home sparkling clean for potential tenants. It would likely take you much longer to do a similar job and even then, would probably not meet the standards of a professional cleaning.

A spotless home is highly appealing to tenants and shows that you care about their standard of living. It also encourages them to continue to take care of your home. If your home is extremely clean when they move in, they are more inclined to keep it that way. Presenting your home in a less desirable manner will likely make them think that you won't be bothered if they are a little messy.

Renting the Property to Friends or Family While Under Management

This is one of the cardinal sins of property management. Renting to friends or family while under property management can present a lot of problems. If there are any disagreements between the manager and your friend, they will immediately run to you, dragging you into the situation that the manager was hired to handle.

Your friend likely won't be able to leave you out of any communication, whether it is out of habit or wanting to keep you in the loop out of courtesy. If an appliance breaks, they will likely tell you what new appliance they want. All of these things can make it increasingly difficult for the property manager to do their job effectively and make it hard for you to remove yourself from the situation.

Move In Specials

Move in specials seem like a great way to attract a tenant off the bat. However, when tenants are searching for homes based on price, your home won't show up for them if they have specific parameters set.

For example, let's say you are renting the property for \$2,000/month. In the description, you add that if they move in within a week, you'll take \$600 off their first month. If they are only searching for homes under \$2,000, your home won't appear in their searches. This means that you may be missing out on potential qualified tenants. The better move is to lower your asking to \$1,950. This will attract a wider pool of tenants and still offer the same amount of money.

Ordering Appliances or Other Materials Yourself

This adds an additional layer of complexity. If it's the wrong type, doesn't fit, shows up damaged, or doesn't show up, you'll be dealing with an even bigger problem that the property manager could have handled for you.

Property managers usually have experience with ordering parts and appliances through their preferred outlets. They know what they are looking for and what a reasonable price is. They know how to get you the best deal for the best quality item.

Top Reasons Homeowners Fire their Property Managers

Hiring a property manager can be a great thing for your property. It allows you to have more free time and have confidence that your property will be maintained by professionals.

However, sometimes things break down and you end up wondering if your property manager is worth the extra cost. These are the top reasons owners fire their property managers and some tips that can help you prevent it from happening.

Poor Communication

Figuring out how much communication our owners want is our top priority at Good Life. Some owners want to be notified of any changes, maintenance requests, or minor tenant issues. Others only want to be bothered if the house is burning down.

Either way, it is absolutely crucial to communicate with your property manager and vice versa. This is even more important when work is being done on the property or there are complaints about the tenant. You want to feel like you know what's going on in your home and when the property manager fails to keep you informed, problems tend to arise.

Communication isn't only important when there are issues. You should be informed when your property goes on market and is leased to new tenants. These small notifications can keep your mind at ease.

We have found that when owners feel that communication is lacking, they will find another manager that can do it better or they will return to managing themselves. It's important to outline how much communication you want from your property manager at the start of management. This sets the expectation for them and yourself.

Maintenance

Ask any owner or property manager--both parties have been fired over a maintenance issue before. Maintenance on your property is one of the bigger expenses, hence why many owners want to be informed on maintenance problems at the property.

Some property managers have what we call a "maintenance threshold." This is when you give permission to the property manager to complete needed repairs without asking you beforehand, so long as it does not exceed X dollars. This amount is usually set across all of their clients, so you'll have to decide if this is something you are okay with before you commit to hiring them.

Problems arise when the property manager and the owner do not agree on what is needed for the property. Pushback on necessary repairs can lead to the property manager firing the owner or the owner firing the property manager. This can also tie in with the communication issue. If the property manager doesn't do a good job of explaining why the repair is needed and why it costs what it does, the owner won't understand the importance.

The easiest way to combat this is to be up front from the start of management. Lay out your expectations for the property manager and ask how much repairs cost on average and how much they might cost for your home. Clearing the air about this at the beginning will save both you, the owner, many headaches and the property manager as well.

This is why we tell our owners that maintenance and turnovers (preparing the property for new tenants) will usually cost the most. It's best to be proactive and set aside funds for expected maintenance and emergencies.

Long Vacancies

Vacancies are a tricky subject because it has to do with home value. Long vacancies occur because the home is priced too high for the season, market, neighborhood, or features in the home. However, being told that your home is priced too high can be difficult to accept. After all, this is your home!

You put work into what it looks like and how it functions. When your property manager suggests lowering your asking price, try to keep in mind that it isn't personal. They want to get your home rented just as much as you do. They are recommending a lower rent because a long vacancy will cost you more in the long run than lowering your rent by \$50-\$100.

Expenses

Property management costs money. You're paying your property manager a fee each month to take care of your property. On top of that, there are other fees you might be paying--leasing fees, turnover fees, repair fees, etc. This is a big adjustment if you are not prepared.

When we first take on a new property, we send one of our leasing managers out to assess the home condition and decide what repairs and minor fixes the home needs to make the home rent-ready. This can often cost anywhere from a couple hundred dollars to a couple thousand. Many owners are not prepared for this number and disagree with some of the items and costs.

The property manager's goal is to get your home rented quickly for the best price that will attract the best tenants. The recommendations made during a make ready/turnover might be more expensive than you had thought, but they will make a big difference when it comes to getting the home rented. If you don't want to spend money on these types of repairs and replacements, it can cause friction between you and the property manager.

About Good Life



At Good Life Property Management, we know you own real estate so it can grow in value and help you achieve your financial goals. In order to do that, you need a San Diego property management company who takes good care of your home and your tenants. The problem is finding a company you can trust. **Our mission is to make owning rental property easy.** Renting your property shouldn't be a hassle. It should give you a greater abundance of time, money, and energy. We've developed a team of A-Players who have made this a reality for over 1,000 San Diego property owners.

We can do the same for you. Call us today at **(858) 207-4595**

Our CEO

Steve Welty graduated from San Diego State University in 2005 with a degree in business management. Devoted to the customer experience, he started Good Life in 2013 with the intention of improving the lives of others. He is a member of SD-NARPM (National Association of Residential Property Managers) and currently holds his RMP (Residential Management Professional) designation. He is a member of CAR (Cal. Assoc. of Realtors) and SDAR (San Diego Assoc. of Realtors).

