

A GUIDE TO MANAGING THE VACANCY FROM MOVE OUT TO MOVE IN



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INTRODUCTION

San Diego is one of the most beautiful cities in the United States, if not the entire world. Year-round temperate weather, a bustling downtown right on the Pacific Ocean, a fantastic Mexican food scene, and of course, miles of pristine beaches make it a desirable city to call home.

Residential real estate will always be highly coveted in America's Finest City. Many people want to live in San Diego, making it a highly competitive housing market. No matter which neighborhood of SD a property is in, if it is in great condition and priced appropriately there will be multiple renters lining up to call it their new home.

Owning rental property in San Diego is a reliable vehicle to building long-term wealth. While you build up equity in your property over the years, a dependable stream of renters will provide monthly income that will offset most, if not all, of the property expenses. Adding to this, property values in San Diego will continue to climb.

A crucial component of protecting your investment is managing the vacancies between occupants, commonly referred to as the make ready process. Starting the day you first move out of your property (or your tenants), the property is most vulnerable as it is no longer serving as your home or generating income. An ideal make ready minimizes days vacant and turnover costs and maximizes your rental income from the new tenants.

I bring nearly three years of experience in exclusively focusing on the make ready of San Diego rental properties and over 300 leases signed with the highest rated property management company in San Diego County. Whether you decide to use a management company or self-manage, my intent is to provide detailed insight into every step of the make ready process so you can hone your skills as a real estate investor.

Bonus videos are also linked for most every section summarizing them and providing additional comments! Look for the link in each section.

INITIAL MOVE OUT

Life happens. You get a new job across the country. Your family is growing and you need a bigger home. You receive military orders and can't tell me where you're going. You have a midlife crisis and hear a calling to teach yoga in Sri Lanka. Whatever the reason is, you are moving out of your San Diego home.

As devastating as leaving the fantasyland that is San Diego can be, there is good news. You don't need to sell it. As mentioned, the rental market is incredibly robust in San Diego and you can have tenants pay the bulk of your property expenses while you are gone.

Even if you are still going to be local to SD there is a bit of preparation you can do to make the initial make ready process smoother. The prep will also make future vacancies more efficient.

Property Information:

- Locate and note the water and gas shut offs so these utilities can be turned off by future occupants in case of emergency.
- If you have a yard with irrigation, note where the sprinkler timer is and operating instructions.
- Note the size of the HVAC filter (also called a furnace filter) if you have central heating and air conditioning. Provide a pack of spares.
- If you have a refrigerator water dispenser, change the filter and provide a spare. Note the type as they can be a pain to find.
- Ensure you have both a trash and recycling bin for the property that are free of holes and have lids. If the bin or lid is broken or missing, contact the City of San Diego or your waste service provider to deliver new ones.
- Write down the location/number of the mailbox, parking space, and storage unit number (if applicable).
- Notate any items in the property that should be provided as-is (not warrantied or maintained by the landlord). This should not include functional components of the house like light fixtures or windows. Common examples are: patio furniture, trash compactors, spa jets, and countertop microwaves.

It is wise to compile all this important information in one place. Save it as a digital Tenant Welcome Guide that you can provide to all new tenants.

HOA Actions

Living in a homeowner's association (HOA) can certainly have it perks, like the collective maintenance of the exterior of the building and providing desirable amenities such as a swimming pool or gym. However, the rivalry history of HOAs versus renters is as storied as the Chargers versus Broncos (sorry. . .). You can prep your renters and stay in your HOA's good graces with some simple steps.

- Retrieve PDF copies of the HOA Rules & Regulations, including any necessary parking and tenant registration forms. You **must** provide incoming tenants with these documents before they move in.
- Understand the pet, amenities, and BBQ policies so you can include this on your Tenant Welcome Guide. Also be sure to understand the very important move in/move out policies, especially in downtown HOAs. The last thing you want is an expensive fine and establishing a rocky relationship with the tenant and HOA from day one.
- Secure as many building fobs as there are bedrooms from HOA
 management (e.g., if you have a three bedroom condo you should secure
 three building fobs/keys). Provide at least one amenities key/pass. If you
 have a two car garage or two reserved parking spaces, provide two
 garage/gate remotes.

Your pre-move out prep is done and you are ready to take on the turnover of the property to prepare it for rent!

Video for this section: https://youtu.be/SAx1tElqBA8

THE PROPERTY TURNOVER

Once the property is completely empty of furniture it is time to roll the sleeves up and take on the turnover. The turn is industry slang for the physical work at the property like painting, repairing, and cleaning to get it ready for move in again.

Move In Condition Standards

Preparing and presenting a property that is fully functioning, well-maintained, and attractive is crucial to securing quality tenants. The best tenants have the opportunity to rent just about any property that is within their budget. Your property will rent faster and to higher caliber tenants (that will stay longer) if it checks off the following minimum move in condition standards:

- Attractive and clean front door
- Doors, windows, and locks all functioning properly
- Window coverings and screens in good condition with no tears and the ability to open/close properly
- · Wall-hung fixtures well-anchored to drywall
- Caulking at bathrooms and countertops clean and free of mildew
- Outlets, switches, light fixtures, ceiling fans all working properly and covered with uncracked/undamaged covers
- Lightbulbs throughout property working
- Toilet seats in good condition (no stains or wear patterns)
- Drains running swiftly with no clogs
- Painted walls free of scuffs, scratches, nail holes, or flashing touch ups
- Appliances operating as designed
- HVAC system heating/cooling properly and new HVAC filter installed
- Professional steam cleaning of carpets
- Professional cleaning of entire interior
- Landscaping tidy and free of holes
- Property free of trash and personal items, both inside and outside

This is not an exhaustive list but a very good minimum standard for the property to reach for before it is shown to prospective renters.

Finding Contractors

There are roughly a dozen different turnover services to consider when preparing a detached home for rent. Some of them, like repairs and painting, can usually be done by the homeowner with a bit of elbow grease and a few trips to Home Depot. However, it is highly recommended to employ licensed contractors to complete the turnover work. Your time is your biggest asset so paying for vendors that specialize in residential property work will free you up and ensure the work is done professionally.

As most real estate investors come to learn, finding a reliable, fast-working, and cost effective contractor is like finding Willy Wonka's Golden Ticket. You can scour Yelp, ask your Facebook friends, or even stand on a busy intersection with a cardboard sign, but securing contractors for the multitude of turnover services can be discouraging as a landlord.

Managing contractors is one component of the make ready process that I must pitch the benefits of working with a property management company. Their years in the business will have established a network of outstanding contractors that should not only be reliable, but they should be licensed and insured. I cannot overstate the importance of having only licensed and insured contractors working at your property. Accidents will happen. You do not want to have your investment become a litigious nightmare due to an unfortunate workplace incident, whether you caused it or not.

The fact of the matter is that individual property owners are not as lucrative of customers for most contractors due to the one-off nature of the work. Providing great volume pricing and service to property management companies, however, feeds the contractors with an ongoing stream of work. As a client working with a property manager you reap the benefits in terms of costs, speed, and quality from the contractor.

Whether you undertake the turnover yourself or contractors, there is a very healthy list of items that must be completed to get the property rent ready. In the Appendix of this guide is a handy Make Ready Cheat Sheet that can be printed off and used to manage the turnover!

Detailed Turnover Components

Exterior

- Vacancies are the ideal time to assess the roof. If your roof is 15 years or older it would be very prudent to have a couple of roofers jump on top of the property. At the very least it likely will need some flashing repairs to keep everything watertight. Roofers will generally give free estimates.
- The address or unit number should be able to be clearly seen on the front of the property.
- A fresh coat of exterior paint is not cheap, but it can make the property look brand new. Any rotted fascia and soffit should be replaced and repainted.
- If gutters are not installed on a detached home and there are signs of water build-up on the ground or water stains on the exterior of the home, they should be installed to prevent foundation issues. Power washing the exterior can give the property a facelift and nice curb appeal.
- Rotted or broken siding should be replaced and any damaged stucco should be patched and repainted.
- Thinking like a landlord, any potential trip hazards like lifting concrete or rebar sticking out of the ground needs to be addressed.
- Fencing and gates need to be fully functional with no broken boards and no dangerous leaning. California has a "good neighbor" fence law that allows for neighbors to split the costs of fence repairs/replacement that splits the property lines. Contact your neighbors in a friendly manner and present your bids (asking if they have a contractor connection is smart).
- If you have them, clean the pool and spa. Now is a good time to balance the chemicals or even drain/clean them. Providing recurring maintenance by a specialist is highly recommended as your tenants will not care for it like you would.

• Landscaping

- Fill holes in the yard (usually dug by man's best friend) with dirt and toss dog poop.
- It is recommended to wait until just a day or two before marketing photos are to be taken to clean up the landscaping—pulling weeds, trimming shrubs and plants, mowing and weed-whacking grass, etc.
- Test and repair busted sprinkler heads and broken irrigation lines to avoid water damage to the property and excessive water bills.

The vacancy is a good time to have the oft-neglected tree trimming done.
 You will usually need a tree trimming specialist to do this as most gardeners won't touch limbs over 10 feet tall due to extended insurance requirements. Having large trees laced, balanced, and trimmed is necessary for the long term health of the plants and to avoid large limbs falling on fences or roofs.

Pest Control

- Nearly every property in San Diego has had or will have drywood termites. Though they can be very destructive if left unchecked, they can be easily and quickly exterminated via fumigation. Most vendors will provide free termite inspections so if you know the property hasn't been fumigated in the last 5-7 years or if there are any signs of termites at all (piles of sawdust-looking debris in window sills or pockmarks in walls/ceilings), it is time for an inspection. The property will need vacated for three full days and will be completely inaccessible during fumigation so it is wise to have it done before tenants sign a lease or move in so as to avoid any rent credits and inconvenient hotel stays for the tenants.
- Nothing prevents a property from renting more than a creepy crawly making a guest appearance during a showing. Cockroaches are also very common in San Diego and can be hard to avoid even with immaculate cleaning habits. If you see more than one in the property while moving out it is probably a good idea to have it treated. Exterminators will generally seal up entry points and set traps for the pests over the course of three weeks to eliminate them. The same goes for rodents.
- Spiders and ants are also pesky to remove from a property so if home remedies don't do the trick calling in a specialist is recommended.

Painting

- The front door is essentially the "smile" of the property, so it should be clean and free of paint scuffs/scratches to set a good first impression.
- The drywall throughout the interior of the home needs to be free of any sort of holes or rips. Starting from the most egregious and heading down in severity: fist/foot holes, anchor holes for decorations/TVs, cuts from furniture moving, adhesive residue from Command Strips or other sticky hangers, drill holes, and excessive nail or tack holes.
- It can be very tempting to "touch up" paint a wall when there is only a couple of small scuffs or furniture marks on it. Do not touch up walls. There are rare exceptions to this rule when the existing paint is less than a year old or the blemish is very light, but in general touching up turns out terribly.

- The new painted area will flash noticeably even when dry and stick out worse than the scuff that was covered up. Even for professional painters, painting a wall corner to corner is actually just about the same amount of labor as trying to tediously cover up wall markings and blend the touch up with the older paint. In between occupants, simply set your expectations for a full repaint of all walls.
- Even if you are attached to the lime green bedroom or kitchen with the
 floral wallpaper, most renters will not be. Getting rid of polarizing or loud
 colors and replacing them with a neutral color will help cast the widest
 net for potential renters. This will require a coat of primer so the bright,
 original color doesn't bleed through the new color. Currently, tones of
 light grey, tan, and off-white are desirable and popular.
- Don't forget about the ceilings, baseboards, crown molding, trim, and doors. Use a semi-gloss paint in the kitchen and bathrooms to fight off moisture.

• Handyman Repairs

- o Exterior light fixtures and light bulbs operate
- Front door flush with frame and weatherstripping to prevent gaps
- o Doorbell chime works
- o Door stops installed on doors to prevent drywall damage
- o Interior light fixtures and light bulbs operate and are rust-free
- Ceiling fans balanced and pull chains proper length to reach
- Remotes for fixtures operational with new batteries
- Appliance light bulbs operate
- Outlets secured to wall and operate (can purchase outlet tester from Home Depot for < \$15). GFCIs installed at outlets near water sources
- o Outlets and switch covers secured tightly and free of cracks
- Window screens flush with window frame and free of tears, bent frames, and excessive weather damage
- Windows have properly operating locking mechanisms
- Window coverings free of tears and open/close correctly
- Provide rods to open/close skylight windows (it's a nice touch to provide extension rods to change light bulbs in vaulted ceilings)
- Closet doors roll properly, door guides installed to prevent swaying, and shelving/dowels securely fastened
- Door knobs latch correctly and ones that require a key to unlock are replaced with standard locking ones to prevent bedroom lockouts
- Caulking mildew-free and cleanly applied at countertops, bathtubs, and showers

- Cabinets and drawers open/close properly. Handles secured tightly
- Garbage disposal unjammed and not excessively loud
- o Faucets and handles do not leak and have aerators in them
- Pop up drains at sinks open/close properly
- o Exhaust fans operate correctly and are not excessively loud
- o Towel racks and toilet paper holders secured to walls tightly
- o Toilet seat secured tightly and free of stains/wear patterns
- Shower doors open/close properly and door guides installed to prevent swaying
- Bathtubs and showers free of rust stains or chipping paint/finish. (You will need a refinishing specialist vendor to repair this line-item. The property cannot be occupied for 4-6 hours afterwards due to noxious fumes)
- Code Compliance Repairs (Note: Handyman can still complete these)
 - Garage pedestrian door is solid-core fire rated and has a self-closing mechanism to prevent carbon monoxide (CO) from running vehicles entering house
 - Smoke alarms are installed in every bedroom (including office/den that could be used as bedroom) and in every hallway outside of bedrooms.
 Smoke alarm also required in living rooms with vaulted ceilings and every level of the property
 - o CO detector installed on every level of the property
 - Stairways that have more than three stairs need railings and it is recommended to cover strut gaps that are big enough for a child to crawl through
 - Anti-tip bracket installed at oven
 - Air gap installed at dishwasher

Plumbing

- Test the main water shut off. If it is corroded, leaking, or hard to turn the valves they should be replaced.
- If the water heater is 10 years or older, you should have at least \$1200 in property reserves to replace it. A plumber should inspect it for code conformity components like the sediment trap and gas exhaust vent.
- Tankless water heaters should be descaled (calcium build-up removed, easy to do with just white vinegar) every one to two years in San Diego unless you have a water softening system in the property.
- Let's be honest—the angle stops have never been replaced at your property. They are very likely corroded and are a leak waiting to happen.
 Murphy's Law would have them fail a few days after the tenant moves in.
 If they are tough to open/close and have signs of corrosion it is time to replace them, preferably with the newer quarter-turn style ones.

- It is also prudent to update all rubber water supply lines with steel braided hoses to prevent leaks (including at the washer).
- All sink and tub drains must drain quickly and properly. The tenants will be responsible for hair/debris clogs so snaking the build-up out of all of them sets a clean slate.
- Shower heads and faucets should be leak-free. The seats (small base set in wall) and stems (rod attachment to seat) may be old and corroded and in need of replacement if leaking.
- The diverter mechanism in the tub spout should operate properly and allow only a minimal amount of water to flow from the spout when switched to shower mode.
- If there isn't an operational internal drain stopper at the tub, provide a simple rubber one so it can be used as a shower and tub.

Flooring

- Renters in San Diego are split on preferring carpets in bedrooms or not.
 Some like having none at all in a unit while others want the coziness of them. I generally recommend having them in just bedrooms and avoiding having them in high traffic areas like hallways and the living room as they will likely need replaced between every occupant. Definitely avoid having carpet in potentially wet areas like in front of the bathroom vanities.
- Laminate vinyl plank (LVP) flooring is a popular option for rental properties for high traffic and potentially wet areas as they are attractive, durable, and water resistant. Investing in LVP once can save the headache of replacing carpets every few years and increase the value of your property nicely.
- Unless you have an older home with original hardwood, like a craftsman
 in North Park, don't opt for it in rentals. In my experience it keeps
 property owners up at night thinking about what the renters are doing to
 the expensive flooring. With the prevalence of emotional support animals
 in San Diego, there is a good chance of pet claws on it even if a "no pets"
 policy is marketed.
- Baseboards should be installed in all rooms, free of water damage and pet chew marks, and painted. Don't forget thresholds at the transitions between flooring types.
- Subflooring repairs sound like big, hairy projects but most of the time a competent contractor can get it level in a day or two of work. They are best to have done when switching in new flooring.

• Chimney/Fireplace

 Even though they generally don't get much use, it is recommended to have the chimney and fireplace swept and inspected every few years. The inspection will ensure that components like the crown and flue are in working order and the fireplace is safe to use. If you don't want to mess around with it, you can simply list the fireplace as decorative only. This isn't a dealbreaker for a San Diego renter.

Appliances

 Many appliance repairs end up being nearly as expensive as simply replacing the entire thing. Especially if your appliances are old or ugly, consider upgrading to contemporary ones. Stainless steel is becoming the standard for renters nowadays. Measure twice when ordering new appliances. All light bulbs in the appliances should be working.

o Refrigerator/Freezer

- The ice maker and water dispenser have enraged many a homeowner that finds their proper operation insignificant. Trust me when I say that tenants test it immediately after move in and will request repair if not working right. The water supply line at the refrigerator is prone to leaks as well. I honestly recommend having a plumber disconnect the water line and listing the dispenser and ice maker disconnected and as-is.
- Replace the refrigerator water filter with a fresh one.
- Drawers, shelves, and racks should slide properly, be crack-free, and not be rusted out.

Dishwasher

- Ensure proper draining and the air gap is not clogged with food (it will spit up into your sink if it is).
- Racks should slide correctly and be rust-free.

Range

- Stove top igniters working for all burners. Try cleaning them out before replacing them if it's not lighting.
- Sometimes the oven door does not close tightly. This is a hazard for both heat and gas fumes so get the door adjusted if necessary.

Microwave

90% of the time when an under-cabinet microwave is replaced, additional mounting adjustments (drilling into the backsplash or removing wood blocks) will be necessary that fulfillment crews from Home Depot and the like are not permitted to do. Have a handyman on standby to install the microwave if necessary.

- The turntable, exhaust fan, and under-microwave light bulbs should all be working.
- The grease filters underneath the microwave can be easy for the cleaning crew to overlook. If excessively greasy they may need replacement.

Washer

- Check the temperature of the water when running hot and cold cycles.
- Look for signs of leaks at the water supply lines and valves.

Dryer

- Note if you have a gas or electric hook up for the dryer.
- A common issue is the dryer drum continuing to rotate even if the door is open. The door actuator can be replaced to fix this.
- Ensure the dryer vents properly through a hose. You may need a handyman to install an exhaust vent in your garage if there isn't one. If it is a ventless model, provide special instructions on how to operate it in your Tenant Welcome Guide.

HVAC

- It is important for the health and efficient operation of the system to have a new furnace filter installed quarterly.
- Ensure the A/C and heat are both blowing out the registers at the correct temperature (temperature guns from Home Depot are cheap). If the A/C is blowing lukewarm the system may need a coolant refill. Having a system inspection by an HVAC contractor at every vacancy is a good preventative maintenance measure.
- Providing some form of heat is a California rental code requirement. If you do not have central, baseboard, or radiant heat, you must provide portable space heaters for every bedroom and the living room.

• Garage/Storage

- Make sure the garage door automatic opener is opening/closing the door correctly. If it is giving you fits, check out YouTube videos on adjusting the safety sensors or tension in the opener as it is very easy to do and can save you from paying a specialist.
- If the garage door has bent panels get them replaced. It is a big detractor when a prospective renter pulls up and the door is thrashed.
- Provide garage remotes based on the size of the garage (one for a one car and two for a two car).
- Power wash oil and paint stains off the floor and driveway. Use a broom to sweep the floor clean and pull down cobwebs that are decades old from the corners of the garage.
- A reasonable amount of extra flooring and paint supplies is okay to leave in the garage, but nobody wants the previous occupants' junk in there.
 Dispose of anything nonessential to the property.

- Hauling
 - Landscaping debris from the yard clean up, leftover personal property from your move (tenants don't want your old nightstand), trash, and unneeded building materials all need to be hauled away and disposed of.
- Cleaning/Carpet Cleaning
 - Don't spend an entire day on your hands and knees trying to clean the property yourself. Hire a professional cleaning service that specializes in turnover/vacancy cleanings as they will find nooks and crannies that often get overlooked. Cleaning is so crucial to attracting quality tenants and you don't want to prepare a beautiful property for rent only to have it sit vacant due to cleanliness issues. In the Appendix is a Cleaning Checklist that details every area that needs to be cleaned before marketing a property.
 - Carpets need to be professionally steam cleaned. Avoid using a portable rental that you can use yourself and leave it to a pro to bring the carpets back to life. A good vendor will also stretch the carpets to get out folds from furniture moving. If they do not clean up well or a heavy pet odor is kicked up by the cleaning then pull the trigger on replacing them.

Once all these turnover services are complete it is finally time to get the property on the market!

VIdeo for this section: https://youtu.be/nwmqmHTZOwE

MARKETING THE PROPERTY

Taking a cursory look on advertising platforms like Zillow and Craigslist, you'll find plenty of landlords with wonderful properties trying to rent them out with photos that look like they were taken with a broken flip phone. Don't sell your hard work and property short with horrible marketing photos! You don't need to be a professional photographer to make your property stand apart and attract quality renters.

Video for this section: https://youtu.be/WTYlOqudZrU

The cameras on smartphones nowadays are unbelievably good, so don't stress if you don't have a digital camera on hand. I prefer using a digital camera with a tripod for level photos, but isn't absolutely necessary to have either. Here are some basics to capture your property in all its glory:

- Take photos when there is ample natural lighting, not too early in the day and not when the sun is setting. Business hours generally work well.
- Set the camera to landscape mode or other similarly wide-angled setting to make rooms appear as large as possible.
- Turn all lights on at the property.
- When taking interior shots, ensure the flash is on and adjust the brightness up a bit so rooms don't appear dark or dingy.
- Use a tripod or other stabilizing device for level photos and shoot them from about eye level.
- Nudge the camera as far as you can into the corner of the room and capture as wide of an angle of the room as you can.
- Set the camera on a timer and get out of the frame as it is distracting when there is a mirror selfie of the landlord!
- Capture the highlights of the property (ocean/city/mountain views, nicely landscaped yard, upgraded kitchen/bathrooms) and set these photos as the lead ones in the advertisement.
- Double check that none of your photos are blurry before you leave the property!If it is unavoidable to have some of the rooms appear dark or washed out, use a simple photo editing software to brighten or soften them.
- You should consider resizing the finished photos to make a much smaller ZIP file of them so that when you upload them it doesn't take forever to finish. Save the photos somewhere safe for future use.

A video tour of the property is a very nice touch that surprisingly not very many landlords are utilizing in the digital age. You don't need a James Cameron-style production, but just a few minutes long smartphone video showing the layout of the home can help filter renters that would or wouldn't rent it due to configuration. You don't even need to narrate the video if you're uncomfortable. (Pro tip: film the video with your phone positioned horizontally to avoid the black bars on either side of the video.) Upload it to YouTube as "unlisted" so that only people that follow the link in your advertisement can view it.

Setting the Market Rent

Video for this section: https://youtu.be/89AOHx7xAmo

Many real estate agents and property managers will tell you that setting real estate prices is more art than science. This is partly true; however, with the vast amount of data that we now have access to you can quickly get an accurate idea of what your property should rent for.

Licensed real estate agents (and property managers in particular) have access to the most rental data. All good property management software has the ability to run reports that compare a suggested rental rate to similar properties that have actually rented. That last phrase is the most critical when comparing rental rates. Many times landlords will point to properties that are actively being marketed for comparable data. Actives should certainly be taken into account but it is very important to remember that what properties are being marketed for are what landlords want the property to rent for, not necessarily what the property will rent for.

Looking at recently rented comparable properties is the most accurate way to determine a rent range for your property. A good beginning range is about 12 months back to see what rents are over the different seasons. Spring and summer are traditionally when properties will rent for top of market due to renter demand. College students and families sign new leases between the school years and something about the perfect San Diego weather has people transplanting in these seasons. Winter and fall, on the other hand, are much slower and you can expect the property to sit on the market much longer if the initial rental rate is not reduced 5-15% from high season rates.

Enlisting the help of a property manager to give you their recommended rent range is the best place to start. Good management companies even have free rental analyses on their websites! Property managers also have access to the multiple listing service (MLS) where they can do granular searches and look at reliable rental data. This is in addition to their knowledge and experience of how properties in their management portfolio rented.

You can do your own research for free with Rentometer.com. Plug in your address and the number of bedrooms and in seconds you will get solid data from rented properties in close proximity to yours.

The strategy that has proven most effective for the long-term performance of my clients' properties is to set the initial rent at or just below market rent. Not only will the property sit vacant a shorter amount of time (a period when the property is most vulnerable and producing zero income), but you will receive more interest from better qualified tenants. Rather than sitting on the market for weeks or even months, the property will rent quickly and to quality tenants.

Writing the Advertisement

Obviously, it is important to include a description of the property in the advertisement. However, don't fret over providing every single detail about the features of the home. You have but a few seconds to capture a renter's attention in today's hyperactive distraction environment. The most important components are an attractive lead photo, alluring headline, and delivering the meat and potatoes of the property in the first paragraph of the ad copy. An example below:

"Upgraded 1B/1BA Condo in the Heart of North Park w/ Parking, Laundry On-Site & Patio!

Well-upgraded 1B/1BA condo in North Park available for lease featuring 750 SF of living space. This second story unit boasts:

- -Prime location just off University Ave—walking distance to some of San Diego's best restaurants, cafes & nightlife! Plus easy access to highway 805
- -1 car detached garage plus 1 reserved parking space in front of it!

- -Community features locking gates, coin-operated washer/dryer on-site & community compost area!
- -Beautiful kitchen featuring: upgraded countertops & custom cabinetry, all stainless steel appliances & breakfast bar!
- -Spacious living room w/ gas fireplace & ceiling fan, plus access to private patio!-Upgraded full bathroom
- -Bright bedroom w/ mirrored closet doors, ceiling fan & wall A/C unit provided as-is"

That's about the extent of what prospects will read, if they make it past the headline at all. To cover all your bases it is also highly recommended to include your rental criteria in the copy. I will dig into criteria standards in a later section, but providing simple instructions and a link for leads to schedule showings or apply weeds out tenants that can't serve themselves a bit and follow directions.

An FAQ section is also helpful that details what utilities are included, if pets are allowed, if there is A/C and a washer/dryer, and how many reserved parking spaces.

Posting the Advertisement Online

As much as I wish it was still the 90s so I could justify my infatuation with denim, the only place you need to advertise your property is on the Internet. Newspapers ads should only be considered in small towns or rural areas. Posting the ad on a handful of the most popular platforms will give you exposure to thousands of renters instantly.

A good management company will syndicate their property advertisements to a multitude of platforms for maximum exposure. Though there are dozens of websites to post a San Diego rental, I have found that a majority of the qualified leads come from just a few of them. If you don't have access to syndication software and are going to have to manually post a property to each one then my recommendations are:

- Zillow
- Trulia
- Craigslist (Pro tip: you should log in and renew the ad every couple of days to push it to the top of searches.)
- Zumper
- Apartments.com

Oh yeah, and put a For Rent sign in the yard or window! This old school method is actually very effective and gets your neighbors chatting with their friends to drum up more interest.

Utilizing the MLS

Video for this section: https://youtu.be/569SI4iOPU8

Posting a property on the MLS incentivizes licensed real estate agents to show your property to their clients that are looking for a rental. Generally speaking, agents help secure a rental for someone to establish a relationship with them so that when they are ready to buy a home they will sign them on as their buyer's agent. Most of the time, their clients are wealthier individuals relocating to San Diego for work or just because it's awesome.

Not all rentals should be posted on the MLS. If your property is a bread-and-butter rental, like a 2B/2BA North Park condo or a 3B/2BA Carlsbad detached house, then you very likely will not need to post the property on the MLS. If you are showing a move-in ready property that is priced appropriately you shouldn't need the additional exposure.

You must work with a licensed agent to post on the MLS and offer an incentive for other agents to show their clients your property. This comes in the form of a commission that is generally paid after the tenants move in. The commission depends on factors like the unit's rental rate, the time of the year, and how eager you are to rent it out. Speak with your agent to set an appropriate commission (usually in the ballpark of \$200-\$500).

If your property is located in zip code 92101 (Downtown and Bankers Hill) then leveraging the MLS is highly recommended. Especially with the boom in high rise construction over the past decade, there is a ton of supply of condos and apartments in Downtown San Diego, making it incredibly competitive. The extra incentive for agents to place their clients in your unit will feed the lead flow nicely.

The second scenario you should consider the MLS for is if your property's market rent is \$3000 or more. Renters will need to make a very healthy income to qualify to rent properties at this price point. The tenant base becomes more niche and sophisticated for these types of rentals so having agents working with you can be beneficial. If the property could be considered luxury, then you absolutely should post it on the MLS.

Showing the Property

As a landlord, there's really nothing more frustrating than being stood up for a property showing. Getting interested leads to books showings is certainly exciting but your time is just as valuable as rental income, so protect it with some strong showing policies:

- Pre-qualify leads with either an online questionnaire or phone call. I will dig
 into the minimum standards for tenants in a bit, but you'll want to ask for
 things like credit score, household income, eviction history, pets, and ideal
 move in date. Politely tell them they are not qualified if they fall short.
- Prepare and print out a handful of one-pagers that clearly have the rental rate, lease terms, rental criteria, and best photos of the property on it.
- Efficient property management companies leverage self-showings to maximize showing volume. Self-showings allow leads to view properties themselves with a digital lockbox. If you don't have dozens of properties on the market at once it may not make sense to invest in a digital lockbox system, however. Open houses can work well, but they can also be a long two or three hours with only a few leads showing up. A better method is to schedule individual showings 15 minutes apart from each other (1pm, 1:15pm, 1:30pm, etc). You should text each lead at least a couple hours before to confirm they are available and still interested. People will run late and stay long but that's okay as having a flow of people coming and going can create a sense of demand for your property and drum up more competition!
- It can be tempting to escort the interested parties around the property but I have found it more beneficial to let them wander around themselves and candidly chat about how they would set furniture up or who would get which room. Bring a measuring tape to the showing because without fail, you will be asked the dimensions of rooms and nooks in the house. After their self-guided tour, you can ask them if they have specific questions about the property or application process.
- Be sure to collect all of the contact information for leads that seem genuinely interested so that you can follow up with them. As any good salesman knows, follow up is critical!

TENANT SCREENING

Without a doubt, the biggest source of landlords' headaches are poor tenant screening policies and procedures. Talk shop with a veteran rental property owner and the stories will range from shocking to heartbreaking. You can guard your most powerful asset from nightmare tenants by understanding rental laws, establishing a robust rental criteria, and following those standards without waver.

Disclaimer

Tenant screening can be complex, time-consuming, and leave you vulnerable to legal action by disgruntled applicants if not meticulously executed. Please consult with an attorney if you have any questions. This section's guidance is simply educational—it is not legal advice.

Fair Housing Laws

At both the federal and state level there are protected classes of people that cannot be discriminated against simply for that characteristic. The federal Fair Housing Act prohibits discrimination based on:

- Race
- Color
- Religion
- National origin
- Sex
- Disability
- Familial status (children)

Additionally, California has added the following groups of people to that list with the CA Fair Employment and Housing Act (FEHA):

- Sexual orientation
- Marital status
- Gender identity and expression

- Medical condition
- Ancestry
- Genetic information
- Age
- Source of income

Please do your research into fair housing laws as you can find yourself in very hot water if discriminating (even accidentally) when screening tenants.

Speaking to a reputable landlord-tenant attorney is advisable.

Government Housing Vouchers

Beginning in August 2019, landlords within the boundaries of the City of San Diego must allow government housing vouchers and rental assistance programs as a reasonable source of income. This means that verifiable income from programs like Section 8 are permissible. You must also make the property available to be seen and the application process exactly the same for rents on assistance programs.

The Section 8 program as it relates to preparing a property for rent involves a couple extra steps. The San Diego Housing Commission (SDHC) operates the program and requires that the property pass a pre-move in inspection. The inspection is quick and if you followed the Property Turnover checklist you will be all set. You can have this inspection done as soon as the property is move in ready. I advise scheduling it for the day after the final cleaning of the property. If your rent is approximately \$2300 or less, there is a good chance you will have interest from Section 8 renters.

The SDHC also requires additional forms to be filled in and an approval of your lease terms. They are responsive and very helpful in answering questions and educating landlords.

Service Animals and Emotional Support Animals

Service animals are dogs that have been trained to assist a person with a disability (typically physical). Emotional support animals (ESAs) are generally cats and dogs that therapeutically treat a person for a range of mental or emotional conditions.

These two categories of animals are legally defined differently but share the very important similarity that neither are considered pets. You cannot charge a pet rent or pet deposit for them. You cannot deny an applicant for having them, even if you are advertising for no pets or the dog is a restricted breed from your rental criteria.

The legislation on service animals and ESAs in rentals currently very strongly favors tenants and punishments very harshly hit landlords denying them. It is highly advised that you accept service animals and ESAs without any resistance. You can require a written verification from a renter that they require an ESA but the allowable sources of this can be a non-medical service agency, third party such as a family member, or even self-verification.

Number of Occupants

Strangely there is no clear legislation in California dictating the number of people that can occupy a rental property. Federal guidelines, however, generally allow for a "two plus one" rule—two people in each bedroom plus one in the living room. This means that seven people could reasonably occupy a three bedroom condo. For studios, two people would be a reasonable maximum.

The Rental Application

There is a list of crucial information that every applicant must be comfortable submitting to you so you may process their application. Do not even begin processing until **all applicants 18 years of age or older** give you all necessary components.

- Full legal name
- Date of birth
- Social Security Number to run credit/background check
- Drivers license number
- Names of others applying with (including dependents)
- Preferred lease start date
- Last two previous addresses (including current)
- Landlords' names and contact information
- Monthly rent

- · Reasons for moving
- Pet information (including breed, age, size, and a photo)
- Vehicle make, model, color, and license number
- Emergency contact (important if they disappear or become unresponsive)
- Application fee: As of 2019, the maximum fee that a landlord can legally charge per application is \$50.94. Charge only what it costs you in hard costs to process an application to avoid issues.

Your most powerful tool during the tenant screening process is your rental criteria. It not only allows you to filter out unqualified and undesirable renters, it also forces you to objectively approve renters. My recommended criteria is below:

- Scanned copy of a government issued photo ID (foreign countries okay).
- Verifiable household income is at least 2.5x the monthly rent. Examples include: last two paycheck stubs, payroll print out from employer, signed employment offer, previous year's personal tax return, proof of government income (e.g., Social Security, disability, Section 8), proof of retirement income, proof of spousal and/or child support, liquid assets (e.g., savings accounts, stocks).
 - Liquid assets should be treated like cash and divided by 12 to get a monthly income. For example, if they have \$100,000 in their savings account you would get \$100,000 / 12 = \$8,333.33 in monthly income.
 - You'll frequently hear from prospective renters that they get paid in cash only. Stand firm that this isn't verifiable income.
 - Be very careful of fraudulent documents as it is easy to doctor digital files up nowadays. Don't hesitate to reach out to employers for further verification.
- Average credit score of 675+. Do not allow an average score of below 625.
- Last two years of rental history with up-to-date contact information. It is smart to note that on the app that if you do not hear back from the references within two business days you will cancel the application. That way the applicants inform their references to expect your reaching out.
- You're looking for no eviction record, not more than one late or nonsufficient funds (NSF) payment, and no lease violations like noise, smoking, or unauthorized pets/tenants.
- What if they were homeowners? Treat this as a neutral reference since you
 can't know if they were ever late on their mortgage payments and the
 condition they kept their home in.

- Must be able to begin the lease within 10-14 days of being approved. It is up to you if you want to flex on the lease start date depending on how many applications you have. A couple more weeks of vacancy may be worth it for nicely qualified tenants.
- Only allow a co-signer if the applicants fall short on the income front. Co-signers cannot make up for poor credit or rental references. The co-signer themselves should make 2.5x the monthly rent and have a 700+ credit score.

Automatic Disqualifiers

If you deny an applicant it must be for a legitimate reason such as they did not meet the criteria above, or they had one of the below turn up during processing. You must send the applicants an Adverse Action Letter explaining the reason for denial. Consult with an attorney for the proper wording.

- Falsifying application information
- Eviction record
- Past due payments to a landlords
- Bankruptcy in the past seven years
- Restricted dog breed that is not a service animal or an ESA (check with your insurance provider for their list)

A fantastic (and free!) all-in-one landlording platform that is great for safely processing applications is Cozy.

LEASING THE PROPERTY

A watertight lease agreement can squash a frivolous tenant claim very quickly. Rather than trying to reinvent the wheel and draft your own lease you can—and should—contact a licensed real estate agent for a California Association of Realtors (CAR) lease form. Their template is solid and battle-proven. Below is a list of important lease components but it is not exhaustive. Again, consult with an attorney if you have any specific questions on lease documents.

- Lease creation date
- Parties (naming landlord and tenant)
- Property address and where the rent is to be sent/delivered
- Terms
 - Beginning date and termination date
 - Monthly rent and when it is due (the 1st of the month)
 - Security deposit (recommended \$25 less than rent so it is clear that the deposit is not for last month's rent)
 - o Utilities tenant is responsible for
 - Late fees and other applicable fees (such as early termination by the tenant)
- Appliances included
- Parking included
- Requirement of renter's insurance (highly recommended)
- Tenant's basic obligations such as replacing light bulbs/filters, cleanliness of property, and giving a 30 day written notice to vacate
- Compliance with HOA Rules & Regulations
- No smoking and no waterbed policies
- Pet policies
- Noise/disruptive activity policies
- Smoke and carbon monoxide alarm disclosures
- Bed bugs disclosure
- Military clause allowing for lease break with written government orders (refer to the Servicemembers Civil Relief Act for further information)

Addenda

Property-specific addenda may apply and should be included:

- Asbestos addendum if the property was built in 1988 or earlier. If the property has confirmed asbestos you must disclose where it was found
- Lead-based paint addendum if the property was built in 1978 or earlier. If the property has confirmed lead-based paint you must disclose where it was found. Per federal law you must also include a pamphlet entitled Protect Your Family From Lead In Your Home"
- As-is" items that will not be replaced or maintained by the landlord (e.g., patio furniture, trash compactors, spa jets)
- Additional terms such as requiring the use of furniture pads on hardwood or specific maintenance items the tenant needs to perform. Be reasonable with these requests
- Co-signer addendum if a guarantor is signing the lease
- Flood disclosure addendum if the property is located in a flood plain
- Landscape maintenance and/or watering addendum if there is a yard so the tenant can't let it overgrow or die by neglecting to maintain it
- Solar system addendum if it requires that the SDGE account stay in the landlord's name so that you can charge the tenants for reimbursement
- Utilities addendum if the unit is submetered for water or in an HOA account for trash so you can charge the tenants for reimbursement

Do not countersign the lease until the tenants have all signed it so there can be no alterations after your signature. Provide the tenants with a fully executed copy for their records.

Rent Collection

You should require a full month's rent before move in and prorate the second month based on the lease start date. Always use a 30 day proration schedule regardless of the number of days in a month. For example, if the rent is \$2000 and the tenants start the lease on January 15 you should collect \$2000 once the lease is signed. On February 1, a prorated charge for 17 days of rent (January 15 - 31) should be collected. The math works out to:

\$2000 / 30 days = \$66.67 daily rent x 17 days = \$1133.33

You also must require that the tenants pay the security deposit and first month's rent before move in. In fact, your policy should be that both move in funds be paid within 24 hours of signing the lease. Though a lease agreement is a legally binding document, I have seen tenants sign it and then ghost paying the move in funds. You can pursue the costly and time-consuming process of collections to try to force payment but it's really not worth the effort. **Do not consider the property leased and take it off of the market until the lease is signed by all tenants and at least the security deposit has been paid in full.**

PRE-MOVE IN STEPS

Holy cow, you have tenants moving in! As a landlord you have just a few steps left to prepare the property for their move in day.

Rekeying the Property

For safety and liability purposes it is highly recommended that you have the entire property rekeyed by a locksmith between every occupancy (even if you just moved out). Keys can be lost or duplicated without your knowledge during the make ready or showing process so for the tenants' safety and your liability it is very prudent to have a rekey done. As a bonus, you can generally get all the locks at the property onto one key to eliminate a clunky keyring.

Documenting Move In Condition

To avoid any grey areas when the tenants move out and you are handling their security deposit return, the condition that the tenants are receiving the property in should be detailed meticulously. There is another standard CAR form (Move In/Move Out Inspection) that is great to note cosmetic deficiencies and the key inventory on. You should also take hundreds of photos with your smartphone of just about every single square foot of the interior and exterior of the property. Then upload them to your computer or the cloud for safekeeping. Pro tip: take photos of the keys/devices being provided, the clean HVAC filter, and the appliance model/serial numbers in case you need to replace them.

Cleaning

After numerous showings, the property likely needs a touch up cleaning. First impressions are everything and to best increase your chances of renewing tenants, it is recommended to have a touch up cleaning by a professional cleaning crew with a focus on the floors, bathrooms, and countertops. It's well-worth the extra minor cost but if you can touch up clean yourself, do it. Vacuum the fancy "M" pattern in the carpets for a professional appearance.

The Final Check

The very last thing you should do before handing over the keys is a sweep of the entire property to make sure that it is all set for their move. Send a note to the tenants that a vendor will be in touch to address any new repairs you find if you can't do it yourself.

- Test fixtures for burnt out light bulbs
- Test the HVAC system to ensure blowing warm and cold
- Put the appliances through a cycle if they haven't been used in a while
- Run water in all drains to make sure clear
- Run the garbage disposal to check if jammed
- Organize the extra building materials in the garage out of the way and clear cobwebs (don't forget the exterior as well)
- Sweep the garage, patios, balconies, and walkways

Congratulations! You have prepared a beautiful piece of real estate for rent, marketed it efficiently, leased it out to great tenants, and moved them into a place they are proud to call their new home.

Video for this section: https://youtu.be/RVMxoVM1N4I

RESOURCES

YouTube series on Preparing Your Property for Rent https://www.youtube.com/playlist?list=PLD4weUa6hOyzYbbOZZDGFSH69R3LRS902

Check if your home is in a flood plain http://myhazards.caloes.ca.gov/

Lead-based paint information https://www.epa.gov/sites/production/files/2014-02/documents/lead_in_your_home_brochure_land_b_w_508_easy_print_0.pdf

Cozy: Application processing https://cozy.co/

San Diego Housing Commission https://www.sdhc.org/doing-business-with-us/landlords/

Rentometer: Rent estimates for your area https://www.rentometer.com/

APPENDIX

Make Ready Cheat Sheet

<u>Exter</u>	<u>ior</u>	Fro	<u>ont</u>

Landscaping:

Irrigation:

Fences/Gates:

Patio/Walkway:

Lights:

Gutters:

Roof:

Address Visible:

Exterior Back

Landscaping:

Irrigation:

Fences/Gates:

Patio/Balcony:

Pool/Spa:

Patio Cover:

Other:

HVAC

Temp:

Thermostat:

Filter:

Appliances

Washer:

Dryer:

Dishwasher:

Refrigerator:

Range:

Microwave:

Living Room

Flooring:

Paint:

Doors:

Lights/Outlets:

Windows/Screens:

Window Coverings:

Ceiling Fan:

Fireplace:

Family/Dining Room

Flooring:

Paint:

Doors:

Lights/Outlets:

Windows/Screens:

Window Coverings:

Ceiling Fan:

Kitchen

Flooring:

Paint:

Lights/Outlets:

Windows/Screens:

Window Coverings:

Cabinets:

Counters:

Sink/Disposal:

Hallway/Stairwell **Entry** Front Door: Flooring: Flooring: Paint: Lights/Outlets: Paint: Windows/Screens: Lights/Outlets: Windows/Screens: Window Coverings: Window Coverings: Cabinets: Railings: Master Bedroom Flooring: Guest Bedroom 2 Paint: Flooring: Paint: Doors: Lights/Outlets: Doors: Windows/Screens: Lights/Outlets: Window Coverings: Windows/Screens: Ceiling Fan: Window Coverings: Closet: Ceiling Fan: Closet: **Master Bathroom** Guest Bathroom 1 Flooring: Paint: Flooring: Paint: Doors: Lights/Outlets: Doors: Windows/Screens: Lights/Outlets: Window Coverings: Windows/Screens: Cabinets: Window Coverings: Counters: Cabinets: Towel Rack/TP Holder: Counters: Towel Rack/TP Holder: Sink: Shower/Tub: Sink: Toilet: Shower/Tub: Toilet: **Guest Bedroom 1** Flooring:

Paint: Doors:

Lights/Outlets: Windows/Screens: Window Coverings:

Ceiling Fan: Closet:

Guest Bathroom 2 Guest Bedroom 2

Flooring: Flooring: Paint: Paint: Doors: Doors:

Lights/Outlets: Lights/Outlets: Windows/Screens: Windows/Screens: Window Coverings: Window Coverings:

Ceiling Fan: Cabinets: Closet: Counters:

Towel Rack/TP Holder:

Sink: **Garage**

Driveway: Shower/Tub:

Toilet: Shelving:

Doors:

Important Info Lights/Outlets: Windows/Screens: Water Shut Off: Gas Shut Off: Remotes: Garage Door Opener: **Electrical Panel:**

Sprinkler Timer:

General Mailbox #: Parking #: Smoke Alarms: CO Alarms: Storage #:

Termites: **HVAC Filter Size:** Pests: As-Is Items:

Fobs/Remotes/Devices: Water Heater: Trash/Recycling Bins: Amenities Locations:

Hauling:

Other Notes:

Cleaning Checklist

Entire Unit
Wash down walls, outlet/light covers, heater/AC vents, and baseboards
Wash windows, inside and out
Dust and clean out cobwebs
Vacuum and sweep floors
Wipe and dust window blinds and sills
Wipe down shelves in closets
Remove all garbage and clean trash receptacles
Wash and dust light fixtures and ceiling fans
Bathrooms
Sink, tub, shower, and fixtures scrubbed with disinfectant
Remove all dirt and stains
Scrub toilet inside and out
Clean mirrors with glass cleaner
Wipe down all surfaces with mild cleanser, including cabinets/drawers/vents
Mop floor with cleaner

Kitcher	1
	Wipe down all surfaces with cleaner
	Wipe down all cabinets and drawers, inside and out
	Clean inside and outside of oven with oven cleaner
	Clean under and around stove burners
	Clean dishwasher, microwave, hood fan and wash vent filter
	Clean inside and outside of refrigerator/freezer with cleaner
	Defrost freezer if there is any ice build up inside
	Clean under, around, and behind appliances reachable with tools
	Clean sink and faucet fixtures
	Mop floor with cleaner
Miscell	aneous
	Carpet cleaning
	Grout cleaning
	Patio or balcony clean up
	Power wash driveway and/or garage

ABOUT GOOD LIFE



Start living your best life with Good Life Property Management.

Good Life was started by Steve Welty in 2013 with the goal of improving lives. We are dedicated to providing remarkable service to our clients and tenants. Our speciality is residential property management for first-time landlords and small investors.

Our core values guide us--Be Reliable, Be Positive, and Be a Go-Giver. Think we might be a good fit for you? Give us a call today! (858) 207-4595



About the Author

Bryce Baker is one of Good Life's leasing managers. He is an expert at getting our properties ready for the rental market. He is also part of Good Life's real estate investing group, Own Biggest Client LLC. In his spare time, he loves to be outdoors, play rugby, and enjoy California burritos on the beach.