

## 1836 Property Management

### Owner to tenant transition – What to expect.

Q – What should I expect when the property goes from my hands as an owner to a tenant or between tenants?

#### *Owner to tenant transition*

A – Expect that the house will have to be up to high standards relating to cleaning and maintenance as well as clear of any and all personal items or property. This is not only for the tenant's enjoyment, but this also set's standard at which the property is to be maintained.

Here's a short list of items we commonly see:

1. Cleaning standards – We recommend that you allow our crew to handle this for you as they have been trained on what to do. The other option is to hire a local company to complete what is commonly referred to as a “make ready cleaning”. A make ready cleaning is more extensive than light vacuuming and a lack of debris. We remove light fixtures to clean out bugs that have accumulated, we sweep the cobwebs out of the garage and we wipe down windowsills, baseboards, interiors and exteriors of all cabinets, appliances and more. Our cleaners charge about 25% less than other companies and do the job according to our training. A general price range is \$120 - \$240. A dirty home will increase your days on market at a minimum. We cannot turn over a property to tenants that is not up to professionally cleaned standards. Tenants will complain, we'll still have to have it cleaned, and also set an unfavorable precedent.

2. Carpet cleaning standards – If carpets are present they need to be professionally steam cleaned including an enzyme treatment if pets were present at any time. We can recommend a company for you that has performed professionally for us in the past. A price range would be from

\$120.00 to \$300.00. This would depend upon the size of the home, whether an enzyme treatment is required and the need for treatment of any problem areas. We're happy to arrange this for you through our preferred vendor.

3. Yard work standards – We've seen yards that don't need a minute of work to others that need a severe make over. We need to ensure the plants are trimmed back away from the windows, no ivy or roots have attached themselves to the mortar or brick and that flowerbeds have mulch present and are weed free. The yard needs to be trimmed, edged and properly manicured. Trees and shrubs need to be properly trimmed away from the home and to the property height not only to prevent damage but also to promote long term growth.

4. Normal maintenance standards –

At each move in: We need to ensure air filters are clean and the vents are dirt free. We need to ensure the water shutoff valves are easily accessible. If they've been buried for years they probably don't work and need to be replaced. We need these accessible so that if there's a water leak the water can be turned off. All HVAC drain lines must be clear of obstructions. All window blinds must raise, lower and rotate. All windows must have screens and locks. Shower diverters must operate properly. Leaks must be repaired. Door stops need to be in place to reduce holes in the sheetrock. Screens should be free from holes and on all windows. All items in the home must function as intended or they will need to be repaired.

Post move in: The state property code dictates what we need to repair and when. The code is available online through the state statutes however the best rule of thumb is that if it's normal wear and tear it's the owner's responsibility. This includes appliances as well.

5. All trash and personal items must be removed. This includes any items that you may think the tenant may or may not like. The house needs to be free of all debris and all personal items including trash. We're happy to

remove debris for you but keep in mind that we must dispose it somewhere. The dump charges users a fee starting at \$40.00.

6. Misc items - Nail holes need to be repaired and paint touched up. All light bulbs must be working at the time of move in or we will have to repair them. All smoke detectors need to be tested and working. We have this done by our locksmith when the house is rekeyed for a \$10.00 charge. In the event of a fire, independent 3<sup>rd</sup> party documentation is priceless. Garage door openers and their safety features must function properly and we need the appropriate number of remotes for the garage.

7. Security items – The state property code outlines what’s required. Each exterior door must have a keyed locking device and a keyless deadbolt. They must be within a certain height range from the floor. Each exterior door must have a door viewer that falls with the prescribed heights. The door leading to the garage is considered an exterior door until case law proves otherwise. We are required to rekey the home according to code and for each new tenant. Basic rekey is \$69.99 for us to six locks. Additional charges apply for materials and installation of any needed upgrades. Mr. Rekey is our preferred provider. We’re happy to schedule this for you on move in day to avoid any challenges. We have a key system in place for our properties that allows us to operate more efficiently. We highly recommend that all locks be of one type, either Schlage or Kwickset so that we can simplify the keys for all parties involved. If you’d like a price estimate ahead of time feel free to go over the specifics related to your property with Mr. Rekey at 866-929-5397. For those do-it-yourselfers out there it’s possible for you to do the installation of needed locks and save a few bucks but it’s not easy and we’ll still have to have the rekey done. We’ve done it before and now call Mr. Rekey for our personal rentals.

8. Mail – Expect to forward all mail before your departure. We are not responsible for mail that arrives after owners depart. Please contact your postal carrier as necessary to forward all mail as necessary.

9. Utilities – During the showing period and up to the move in date we will need all of the basic utilities such as electricity, gas and water/sewer.

-During the make ready process and throughout the showing process we'll need AC or heat as necessary, water to clean the home and to permit the toilets to flush and gas to either heat the home or to ensure that the appliances are functioning properly. This does not include any type of cable, alarm, garbage or phone service. Please have those disconnected permanently. If the tenants wish to have those services they may pay for them at that time.

Thus for your first transition from owner to tenant and between all transitions from tenant to tenant we will have to coordinate this with your help. The utilities companies vary in requirements but could total up to \$1000 in deposits for each property if we did this directly. Also, since our names are not associated with the property records or lease on the units some of the utility companies will not permit us to do much of anything.

From owner to 1<sup>st</sup> tenant – Please maintain the utilities until the day after move -in. Then call in to verify that they have been either changed over to the tenants name or feel free to have them shut off. This can be scheduled in advance with some providers. The tenants are very aware that the utilities are their responsibility from day one.

From tenant to tenant – Please have the utilities turned back on or transferred over to your name (owner) after the tenant's departure and coordinate with us post change over. Then when a new tenant moves in you'll have to verify that they have been transferred back out of your name again.

\*It is highly recommended that you ask each utility provider if they offer a "landlord-tenant" setup. This would permit the utilities to revert back to the owner when the tenants depart eliminating much of the hassle. Some providers will act as though they've never heard of such a thing, some will

say unless you have a multifamily building they cannot do it and some will happily set this up for you. With the number and choices of providers out there it's impossible for us to keep up with them all. Filling out the "owners notice form" with detailed information will help us all down the road.

10. Water softeners, propane tanks and similar items – If your home has any of these type items available they need to be topped off prior to any tenant moving in. At the tenants departure they are expected to be returned in that same condition or the cost to fill them will be deducted from their deposit.

### *Tenant to tenant transitions*

Expect that the house will have to be cleaned. We write into our leases and handbook that the tenants are responsible for having the carpets professionally cleaned. Minor scuff marks on the wall and nail holes are normal wear and tear and are the owner's responsibility per state law. If there's any good news it's that these make ready costs are tax deductible.

Expect that any item that needs repair will have to be repaired. Please see the above list and note that to wrongfully withhold a security deposit from a tenant for an item that is not legally their responsibility is punishable by up to 3 times that amount. All normal wear and tear is the owner's responsibility per state law. If we can't prove that the tenants caused an item to break we can't charge them to repair it. Expect that we'll have to have the basic rekey done before the next tenant can move in.

We've had several owners request estimates for minor repairs and while we would like to provide them it's proven impossible to do cost effectively. Some difficult items work out easily and some seemingly simple items prove almost impossible. We have to bill at an hourly rate as the margins aren't big enough to work in any variable costs or account for such things as 15% of one tube of caulking or adding one screw to repair a door stopper. We would spend more time do the accounting than completing the work if our estimates included those types of details. We hope you understand.

*In summary*

The bad news about being a landlord is that we do have some inherent risks, responsibilities and costs associated with the endeavor. Some of these are inherent, legal or ethical. Either way we need to treat others as we would like to be treated and provide them a product that we would like to receive ourselves. It will cost relatively small amounts over time to properly maintain your investment. Keeping your tenants happy with a reasonable of labor and materials is cheaper and more cost effective than the cost of increased vacancy, leasing fees and preparation to find new tenants at the end of every lease.

The good news is that while you may not be in a position to sell or may have this property as an investment, you'll have a tenant paying for the majority of a mortgage on a home you own. You'll also be building equity and tax benefits which you'll enjoy long term.