

EP52: Selling a Property with Tenants in Place

Welcome to the Landlord Logic Show, hosted by John Tiner. John is the owner and CEO of Tiner Property Management, a three generation family business since 1976. Tiner Property Management expertly manages over 1,000 properties in the greater Sacramento area to place quality tenants quickly while minimizing your risk. John stays up to date on all the new laws and regulations and shares his knowledge with do it yourself landlords each week.

The Landlord Logic Show with the Tiner Property Management Pros. Joining us now, John Tiner, along with his wife and business partner, Jenny Tiner.

Welcome to the Landlord Logic Show. We're so glad you're with us today. And as usual, my wife, Jenny Tiner, is in the studio with me. Hello, Jenny.

Hello, everybody.

We are property managers that are local to Sacramento area. Our area runs from kind of from up out Auburn and Lincoln and through downtown West Sacramento out to Elk Grove and then up Highway 50 to El Dorado Hills, roughly, and everything in between. And so we manage about 1,400 rentals. This is our 50th year in business, so that's quite an accomplishment. We've had several times where we went through some hard times and weren't sure that we were going to make it the next year, but we are still here 50 years later and very thankful for that and kind of proud of it.

So built this business a little bit at a time. I started out with my parents, and I think when I came to join my parents, they had 40 rentals. And, no, they had 60, but then we lost one account that had 20, which was a good loss. It was a bad property. But here we were trying to make a living with 40 rental properties. But today we're up to 1,400. We have a wonderful team. We're really good at what we do, doing less than one eviction a year with all those properties. They're mostly single family homes. And maybe 100, 150 duplexes, something like that. But that's kind of our niche in the market. And we're good at it.

And the whole purpose of the Landlord Logic Show is to share with the public kind of how we do it. What is the secret sauce of successful property management? So that do it yourself landlords could also take the information that we give and do a better job themselves. Or some people hear and realize that actually a good property manager provides a whole lot of value for what they charge. Me trying to learn all this, I would just rather hire someone and let them take care of it. So we're here for that too.

But we make owning rental properties turnkey and easy for the landlord. Take the risk out of it. Minimize your risk. Maximize your return. Keep up with the rents. We do rent increases. We help find great tenants. That's probably the most important thing we do. Try to do the lease renewals to keep people on leases. We coordinate the repairs for you. And then we do all the monthly accounting and the year end accounting. So everything that you need for your tax

preparation is laid out in a pretty easy report for you. And we do all that for about the price of a gardener. It's really affordable.

And I think one of the most important pieces of it all is that we keep up with the new laws, which are changing very quickly right now. So it's a lot to know, and it's a lot to stay in compliance with. So that's what a professional property management company does for you. The whole world does better when everybody knows the laws and is practicing and working off the same page, which is our goal to get everybody to. So if you're listening today and you'd like to give us a call, we'd welcome that. We're at area code 916 974 6003. And our website is Tiner.com. That's T I N E R dot com.

But today we wanted to dig some into the concept of what's going on with the market regarding sales. So we're a rental company, but we also help with sales. If an account was not referred by a realtor, then we will sometimes sell them. And right now we're doing a lot of them.

We have a lot. Yeah. And some of this is we are seeing a shift in the market. So we're seeing John and I are really busy with sales. We're seeing some accounts that refer to us also sell. And I think it's just going to be one of those years. It might be one of our hottest sales times.

Yeah, we're seeing a shift in the market. So a sell off, we call it. And, you know, sometimes sell offs are big. Of course, when the market crashed, like in 2007, we had a gigantic sell off and it certainly affected the rental market. The invitation came, the homes came into Sacramento and they bought up a couple thousand properties and all those properties hitting the rental market. Cause rent values to drop.

And we're seeing sell off. We aren't seeing yet the big companies sell out, but what we are seeing in our business, a lot of our owners, all different reasons. Like it's not just investors out.

Yeah. All of them are different reasons. So we felt like it was a good chance to share our expertise on how to sell a property with a tenant in place because it is a special forte of timelines, strategies. We do it a lot. John and I sell 30. This might be the year that we sell 50 homes again. I haven't done that in a few years. But it's an art.

It's an art of doing it because it's a lot of working between the laws, the tenants, emotions. Strategies. Timelines. So if you're a realtor today or if you have a friend that's a realtor. Give them a call and tell them, hey, this is a good show for you guys to listen to. These guys are talking about how to sell a property with tenants in place. What do you do? And we're going to walk through kind of our process from beginning to end with these and kind of share the secret sauce of how to sell a rental property with a tenant in place.

And sometimes, of course, you go see the property and you decide that the best way to do it is to wait until it's vacant and sell it then. Sometimes that is the case. But, you know, we have mostly nice rental properties, and we have good tenants, and they're clean and neat, and it's not like the majority of them need to be rehabbed to go on the market. A lot of them are in good shape, and they would sell just fine the way they are condition wise. But then there's a lot of other considerations that we look at.

I just had a conversation yesterday with an owner, so I'll just kind of say if I was talking to them. They said that they were interested in selling their property, interested in wanting Tiner to represent them because they felt that we may work best with knowing the laws and the tenants there. So during the conversation, they said, what do we do if we want to move forward? OK, you give us the AOK. We get a signed listing agreement.

Then what we do is I'm not the one that calls the tenant, either the executive property manager is or John, because as a realtor. Realtors listening. You're a third party. Like they don't know you. So maybe you have the owner to give a heads up. You need to give the tenants a heads up. That first phone call conversation really sets the stage of how that tenant could cooperate with you.

Or not.

Or not. Right. So John calls them and then tell them what you say.

Well, I like to just say that. If we've already had them sign the listing agreement, part of the psychology of it is to say the owner has decided that they have to sell their property at this time. It's not something they can negotiate. They've already signed the listing. It's going to happen. And we want to come sit down with you and walk through all the scenarios and educate you because you have rights. The owner has rights. And we want you to understand all of them and all the options. And we need to see the property anyway. So let's schedule a time next week. And we'll meet and we'll talk through everything. We'll answer all your questions for you. And then we get off the phone with them. And that gives them a chance to spin on their own. And they can kind of think through it a little bit. Because it's disturbing information. They may have to leave. And we always tell them you may not, too. But then we come back to meet with them later.

That's why strategy wise, John makes that phone call if he's not able to reach them. Or if the manager makes that phone call, we let them freak out. They always do. And again, we've done this hundreds of times. So we wait for a week or so to come and sit down and meet with them.

So the importance here is what we're saying is John and I go and sit down and meet with them face to face. One time we did a Zoom call because the guys couldn't meet for like a month and a half. But I mean, I'd say maybe once or twice we aren't able to. And in that case, we still give them a heads up that, hey, we're going to have to serve you a notice to vacate. And then we'll just wait until you leave.

So one of the important things when John first calls them. He doesn't tell them we're going to serve a notice because what does that do? That is going to freak them out. So we just say we want to come and sit and meet with you. During that meeting, if we're able to serve a notice, we do. I have the property managers prepare it 30 or 60 days, depending on what kind of notice that you can serve. If it's a duplex, if it's under rent control, you can't serve a notice. So we're just sitting and talking.

But the other thing we do during that meeting is we take the 120 day notice of intent to sell with us. A lot of realtors don't know that you need to serve that notice if you sell it with a tenant in place. So that basically is a notice that says we're selling the property and we have a right to show the property. And changes the rules for showing the property.

Let's walk back about eligibility, right, and when you can give a tenant notice and when you can't. Because that's an important piece. You kind of walk into the meeting knowing where you are on that, right? So is there a lease? You can't ask anybody to leave before the end of a lease unless you want to offer money to do so and have a buyout. That's another topic. But if they're on a lease, they're entitled to that property until the end of the lease. Even if you sell the property while they're in place. And this happens sometimes. We sell a property. They have nine months left on their lease. They had just renewed it. The buyer has to buy the property with the tenants in place, and they have to honor the rest of the lease term. So it's usually only an investor who could buy that because owner occupied loans require that they have possession once in 60 days. So that would kind of narrow your market down a lot if you had one with a long term lease. So that's maybe when we would try to do a tenant buyout or cash for keys situation where you come to some agreement where they leave early, break the lease, you give them extra money for it.

Extra money, just in short, anywhere from two to three months. I mean, money talks. Even if, you know, sometimes I've had one where somebody had to pay them \$10,000 to \$15,000 because they needed to sell it for whatever reason.

So, yeah. So you negotiate that. And the closer you are to the end of the lease, the less valuable it is to the tenant. The farther you are, the more valuable it is to the tenant. But we look at that. We look at rent control. If a tenant's protected by AB 1482, the Tenant Protections Act, then putting a property on the market is not cause, legal cause, to give them a notice to vacate. You can't. So you have to sell the property with the tenant in place. We've had a couple duplexes recently that we're putting on the market, and the tenants are staying in place. Most of the time it's an investor buying a duplex anyway, although sometimes an owner wants to owner occupy one side. So we can't give those tenants notices to vacate. We don't have a cause for it. So now if an owner bought the property and wanted to occupy one side or the other and they were month to month, then the new owner could give them notice to vacate because they want to occupy one side and that is cause. But we don't have cause to ask them to leave otherwise. So you need to know that before you go meet with the tenants. Where do we stand with the law? Right. Can we give them a notice or not? Then we go to the meeting.

Yep. When we go to meet with the tenants, we take enough time to really explain to them what their rights are, what their assurances are, when we can or cannot ask them to vacate, and what the process looks like if we sell it with a tenant in place and if an investor buys it versus person who wants to own or occupy it. So we walk through all that with them and it'll take anything from 15 minutes to 30 minutes. But we spend the time to help answer all their questions before we leave.

And the first thing that we do is we ask them if they're our first choice of a buyer. Are you interested in buying the property? You're our first choice. You are our favorite buyer in the whole world. And sometimes we make that happen. We've sold a couple this year to tenants since it's neat. Some of them have been first time homebuyers. And it really is a win win situation. The owner doesn't lose out on rent. It's an easy transition. The people know the property. The tenant doesn't have to move. And so it's great. So that's what we usually always say. And I think that when we offer that to the tenants, it also shows like, oh, well, they want us to stay. They want us to be the buyers. So it kind of is a first step of letting them know that we're there on their behalf as well and we respect them.

And I want to point out something. The vast majority of the tenants that we rent to are capable of buying a property. Right. Because we already have vetted them for a good credit and an income that's pretty substantial. So maybe they couldn't quite afford to buy the house that they rent because you can always rent something for cheaper than the house payment in this market. But they can afford to buy a house. And many times they can afford to buy the house that they're renting. And so it's always great when that happens.

It is. Yeah. But I let them know it is my least favorite part of my job. I don't like displacing anyone. And I also let them know that. It's a little of a disruption time right now, but we've done this hundreds of times. And every single time, our tenants end up someplace good. Whether sometimes they buy the house, sometimes they are able to maybe not buy this house at this time, but it puts them on the path that they never even thought about buying a property in the future. Sometimes they've moved towns and their lives are better. So anyways, I try to help put them at ease. And then during that meeting, too, let them know that we're there on their behalf as well. We're a representative of the property management company. So you follow the rules for both ways.

So when we come back, we want to dig a little bit into what 120 day notice of intent to sell is and why we serve those. If you are listening to this today, though, and you've got a rental property, you're thinking, I would like to sell it. I'd like to have realtors who really know what they're doing with regard to that process. I want to give us a call. We'd love to hear from you. Our number 916 974 6003 or from your phone dial pound 250 say the word Tiner and of course you can check us out on our website if you don't want to talk to anybody but we would love to hear from you. We'll be right back and dig into the 120 day notice of intent to sell.

So if you're a do it yourself landlord and you have a property and you need some help with it, or maybe you're not managing it at a high level and you want it managed professionally, you want it done right. Pick good tenants, control the maintenance costs, and understand the laws and using best practices available. That's what the Tiner Property Management Pros do. We handle your rental investment income while minimizing your risk and maximizing your return. We get you a check every month. We give you a statement every month that shows you exactly what money was spent on your property, the management fee comes out of it, and in most cases, you can certainly net more. When rental properties are managed professionally with Tiner, we keep the rents up to where they should be. Before the rent control laws kicked in, we were able to

catch up lagging rental rates up to the market level quickly. Now it takes a little longer, but we can help you get caught up to the market and use the best legal practices to do it.

If you need help in your own property, reach out to us. On your mobile phone, dial pound 250 and say Tiner. Leave your name and number, and we will provide you with a free e book with 16 questions you should ask your next property manager. Again, dial pound 250 and say Tiner. Learn why a good property management company doesn't cost. It pays.

Here again are your hosts, John Tiner, along with Jenny Tiner on the Landlord Logic Show.

Welcome back to the Landlord Logic Show. Jenny and I are walking through the process of selling a property when tenants have been in place. And the notice of intent to sell, it's a 120 day notice. And a lot of people think that that means you have to give it to them 120 days before it goes on the market. But it's not what it means. What it means is within the next 120 days, at some point, or maybe the whole point, we will be having the property on the market and selling it. And owners have a right, right within a civil to show properties to prospective buyers. So tenants don't have a right to say, no, you can't. On the other hand, they can make it difficult. But what the 120 day notice of intent to sell does is changes the requirement for entry.

So without a 120 day notice of intent to sell, the landlord has to either have an agreement with a tenant to be able to come into the property, or they have to serve a 24 hour written notice to come into the property. The 120 day notice of intent to sell changes the written requirement. So you can have a lockbox, like realtors use lockboxes often with a key inside, and the showing instructions can be call first, lockbox, then 24 hours in advance. And then they're able to do that. They could call 24 hours in advance. They don't have to have the written document then. They could just do it verbally and use the lockbox. Having said that, you need to have some kind of an agreement in place with the tenant, right? You can't just slap that on and hope that it works out. So part of what Jenny and I do when we sit down with a tenant is walk through, you know, what works for you if we're going to have this on the market while you're still in place? And we come up with an agreement. We'll talk about that a little bit later in the show.

But when we're there, we're also looking for condition, right, Jenny? What are we looking for and how do we make that decision around the condition of the property when we're there?

Right. When we talk to owners and we say that when we meet with the tenants, it's really for multiple reasons. First, we want to see the condition. What is the condition of it? Would we want to go on the market with tenants in there? What repairs do we have to do? When we send a market analysis report, we usually do a range of \$20,000 to \$50,000. And then it helps pinpoint that pricing down a little bit more, too. And then we also want to know the cooperativeness of the tenant. Are they messy? Are they sometimes our tenants have super busy lives and whether they were picture perfect and the property showed magnificent, we wouldn't be able to get in there. So that meeting holds numerous reasons and we feel it is very important. And I know that is the reason why we're so successful with our sales. And we've gotten so many compliments from our tenants that say, Thank you for coming and sitting here, looking me in the eye and telling me as it is real. And I let them know how real it is. Odds are it's not going to be an

investor. It's going to be a homeowner and they need to occupy the property. So during this meeting, we do have to give you a 60 day notice to vacate or a 30 day, whatever it is. And then that's when we also serve that 120 day notice.

If they happen to buy the property. Great. I'll take back the notice. Sometimes we even say, you know, we're giving you a 60 days, but if you need another week or two or whatever, just talk to us. The other thing we say is we legally have to give you 60 days or 30 days. You, tenant, legally need to give us 30 days. However, we've done this so many times. When me and John make that first phone call saying the owner's going to sell, the tenants freak out, they're already looking the same day at another place to move. So sometimes and when you find a place to move, you usually have to move sooner than later. So we let them know with the owner's permission, which they usually always do. And we advise them to if you find a property, say, in a week over the weekend or, you know, a lesser amount of time. Have that communication with us, tenant. We will go to the owner and ask for permission, and then you would only pay rent through the days that you occupied the property. So we let the tenant give us a five day notice or a 10 day notice to vacate or whatever we need.

Because it's a win win. Right, because they get their new property, they're secure in it, and then we are able to get possession and get it on the market sooner. If it's a good condition, tenants are cooperative. We offer that John will write a letter of recommendation that they could use if they don't rent with a Tiner. The other thing we do, we offer them that we, if they find a property with Tiner, to let us know. Sometimes we waive application fees. You know, we still have first come, first serve. If they apply for a property of ours, they still have to qualify. We go through all of that with them.

Right. But we know the rental history is good. We've been paying us good already. So that's one. The verification of rental is very quick for them.

Yes. We've got that part down. So we talk through all of that. And then what we go through is if it's a possibility where we can list it with them in the property, then we go through those options. Again, there's all different avenues of what to go, but we kind of briefly go through all those with them and we let them know we ideally would like two to three days for two or three hours each day to show the property. Right. They're always relieved because they think that they thought that they were going to have to show it seven days a week from 7 a.m. to 7 p.m. No. And then I let them know you pick the days, you pick the times. I don't care, but I would prefer, you know, like a weekday and a weekend, you know, and maybe various of times. You pick the days, you pick the times. Do you feel comfortable with a lockbox or do you not? Or do you feel comfortable listing the property at all with anybody coming in here? And if you don't, then I'm respectful of that. And we'll relay that to the owner. And then we'll put it on the market after you vacate.

The other thing that we do is I write those specific instructions. So, okay, tenant, let us know your days and times. We do what's called an on market addendum. I don't need to know the time then. I let them know, I'm non pressuring you now. You don't need to tell me today what it is. You guys, you know, absorb the information. Let's talk in another week or two. But I need to pick the days and the times. And then I let them know the majority of our tenants when they do

this. They might pick a Thursday, Friday, Saturday. Clump that time together. You only have to clean the property once. Each week. If they want a lockbox, I have some tenants that are like, I don't care if you show it. Just get them in and out while I'm at work. I don't want to see anybody. Great. If they don't want a lockbox then they need to commit that they will be there to open the door for the for them.

The other thing we do is we're realtors. I also have to work with a lot of realtors and sometimes realtors can be very pushy. I don't give the tenants phone number in MLS. That's why we feel it's important to make the arrangement on scheduling the days and the times. I specifically put that verbiage in MLS and I let the tenants know I often get calls from from realtors saying, oh, can I show it Monday at 9 a.m.? No, no, you can't. I don't even call you, Mr. Tenant, to ask you. I am your protective person, that barrier, the buffer. And I tell those realtors, no, follow. We have a written agreement. And so follow those timelines. Most of our tenants are nice and they'll say, if you do need an off appointment, just let me know. But I say, that's thanks, but I'm going to not. So then we let them know it's going to be on the market. Usually we sell the properties within about a week or two. So we might have to go through a couple of weeks. I'm big on communication with them. Once I get an accepted offer, it'll go pending. There won't be any more showings, but then we'll have to go through usually a scheduled appointment for appraisals, inspections, and such. So a couple more appointments after the property sells. And we walk tenants through that. And all that is in the on market addendum.

And usually when the tenant cooperates with us on those, we often offer a discount in the rent for cooperating. Not always some owners are just no that's my right I want to do it. But most of them will give them a discount in the rent and so anywhere 150, 200 bucks because it is and we let the tenants know that it is inconvenient for them. They're going to have to have people in their house keep it upright, you know, and for owners what does that mean it's like what maybe two months worth of that. So a few hundred bucks. To get the cooperation and the goodwill that comes out of you help us, we'll help you. Right. And so I let them know that it is inconvenient for them. So I really try to help minimize that and help them through the process. I'm a very empathetic person. So I feel that I know that they're going to be disrupted. I couldn't imagine somebody coming into my life saying you're going to have to move in, you know, a couple of months. So realtors listening, do it yourself landlords listening. Just let the tenants know that you are there on their behalf as well.

So after those meetings, we go back to the owners, we relay everything. And then it really just depends from there. Some owners, we wait for them to vacate. Others, sometimes you have to budge on the timeline. We let the tenants know that, you know, that's okay too. And the owners. So that's kind of our whole process. And we have a track record of success. We're getting close to 1,000 properties we've sold that began with tenants in place. It's our forte in real estate sales. That's what Jenny and I are probably most known for.

And so if you've got a rental property and you would like some help on the sales side or the rental side, we could help you either way. I want you to know how to reach out to call us. It's called 916 974 6003. Or from your cell phone, dial pound 250 and say the word Tiner. That'll send you some information that's very valuable to you and then also ring through to us. And, of

course, there's our website, which is Tiner.com, T I N E R.com. And John wrote a blog on this. And so look on our resources page under the blog. Resources blog and then selling a property with tenants in place is the name of the blog. It was written in 2024, but it's been updated. But we would love to hear from you and thank you for being with us today. Remember to come back next week and enjoy the Landlord Logic show with us. And remember, professional property management doesn't cost. It pays.

Would you like to learn more about the services provided by the Tiner Property Management Pros? Their professional property management team will take care of your rent at home from start to finish. Simply dial pound 250 and say Tiner to learn more about the ease of managing rental properties or check out their website, Tiner.com.

Join us again next week for the Landlord Logic Show with John Tiner.