EP35. Sharing Knowledge and Answering Your Questions

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 to have you with us today. In the studio with me, as always, is my wife Jenny Tiner. Welcome, Jenny. Thank you. And we also do have somebody else in the studio.

Yeah, we do. And this is kind of fun. We always say that we're a three-generation business because my parents started it, I helped them, and my kids have worked in the company. But my grandchild Josie is in the studio with us. She's going to be quiet as a church mouse over there, maybe shooting some video. Josie is 17 and a half. She's interested in real estate and property management, so she's come down to spend the summer with us and intern with us, learning more about property management, flipping properties, getting them ready for the market, sales properties. We're showing her the biz — all of it — letting her see the inside and how it all works. So she's here with us today.

We do a lot of public speaking. We had a public speaking engagement last week with a group of realtors, and we have another one with Placer County next week. And a radio show, very public, this week. So she's coming to help us do some of those things too, passing out flyers and meeting with people. So glad to have you with us, Josie. Yeah. But she's learning all aspects of property management. So, what is Tiner Properties? Tell a little bit about our company here. John's parents started the company what, almost 50 years ago? 49 years ago, 1976. I was in junior high. Jenny was born the next year. So it's been a while. And then John joined them about 10 years later. I think you guys started with 30 property management accounts.

We're located in the Sacramento area. And now that has grown to — we are almost at 1,300 accounts. So we are a large company, but we are a family business. And even though we are large, some people say, "Well, you're too large to take our account." No, we're not. Our average owner has one to two properties. We have maybe one or two that have over 10, but we are never too big. We never want our clients to feel that we're big. We have a lot of staff. Yep. I got two or three calls this morning from people interested in new accounts, set two appointments to meet with owners and talked to them about our property management services, and they were both surprised — like, "You own the company and you took my call? You answered my call?" And yes, we do. I always try to answer the call. And I think they might be our listeners, too. Yeah, they were. Thanks for calling. Yeah, they were KFBK listeners in both those cases. Pretty neat.

Yeah, so that's pretty neat. So we're a full-service property management company. So what does that mean? That means that we do everything residential in the Sacramento area. We're doing everything from finding the tenants, screening — we have an in-house leasing team that runs applications. We have a couple that are in the field that show the properties. Then we find the tenants and we do the move-ins. We take the rents. We take the deposits. We hire any work that needs to be done. Some of our new accounts that come on, they need repairs. So we write over $3 million of work orders a year. We don't have our own maintenance company.

John's always felt that's a conflict of interest. I just feel like if the property manager is empowered to order the repairs, they shouldn't be the repair company. It looks too much like the right hand feeding the left hand. So we have good relationships with independent licensed contractors that have workman's comp if they have employees, and we check all that to make sure they're always in compliance, right But they're independent people. Owners get a copy of their bill and they can call them directly. We don't hide that. There are some property managers who actually hide the bills. We don't do that. We're very transparent. We get quotes if it's, you know, time is of the essence if there's a vacant property. So we often know what the costs are. We might have one vendor out there. But then if it's something where it's a bigger cost or our owner requests it, within a reasonable time, we'll get multiple quotes and then give those to the owner. Like a roof, for example, that's going to be, you know, over $10,000, maybe over $20,000. We're not going to take one bid for that. We'll get multiple. But it's not beneficial for an owner if you're wanting to save $50 or $100 for a different quote that might come in when it might take an extra week for that. So some of those vary.

Anyways, we get the repairs done, pay those bills. Then at the end of the month, we make it easy and we pay our owners. Most of them are electronic. It gets right into your account. And then some are still paper. Yeah, we work with that too. And then at the end of the year, we do a very nice, easy end-of-year reporting. I know I love it for my CPA — super easy — and it breaks it down to what is a tax write-off. And our fee is also a write-off too. So it's basically free if you hire us for a management fee because you can write it off. That's right.
And if you'd like to reach out to us, we want to make this easy for you. Please give us a call at 916-974-6003. We'll schedule a time with you where we can meet you at the property and answer all your questions, talk about rent value, what you need to do to get it ready. But we'd love to talk to you.

So what we're going to do today is we have quite a few people since we've been doing this for a little while that write into us and ask questions. John's also very active on a lot of the realtor and landlord sites on social media, so he's getting well known in the area — more vocally and sharing knowledge. So we have a lot of questions that get thrown at John. So we'll pick some of those out and go through some of them.

We just got back from our delayed honeymoon. One of the things that happened, we went into this beautiful home, little hut over the water, and there were termites flying around in the place. So we got another room and there were termites in the second room. Then we figured out how

to manage it pretty well. But it's common there to have termites. It made me think of some of the strangest things we've seen in our renters.
I've had tenants call me and say, "Hey, I've got ants with wings and they're all over my kitchen. They're everywhere." Termites swarm once a year. They swarm. So we see this happen from time to time. That usually means we need to come in and treat it. A lot of termites don't need to be treated with an old tinting of the house. They can be treated locally or even in the ground in some cases. But we take care of that. Then somebody's got to go back and sweep up the bugs. We just had one the other day where we treated for insects and had to, you know, they treat it and they kill the bugs, but somebody has to go back and clean them all up when you're done too. And who did we have do that? That fell to the CEO this time. Which then fell to his stepson, Hayden. So we're having one of our kids go out there today and clean those up. But we've seen that. We've seen skunks come under houses, coyotes, raccoons, foxes, possums scratching in the ceiling — end up in the ceiling. Everybody thinks it's rats. Sometimes it turns out to be squirrels or something a little more innocuous. We have to close up the holes. Sometimes there's trapping involved. But these are all the kinds of things that a professional property management company will know how to take care of for you. That's what we're good at. We know the contacts. We know the best way to handle things. And we get it done for the owners so they can go on about their life and enjoy it.

We've talked about this in some of our other shows, but I always love saying… We've been in the business so long. John just has so many stories. When I throw him on the spot, he's like… but then he starts thinking about it. I mean, we've just a little snippet that we've talked about in other shows. We've had some unfortunate things, such as some people passing away in our properties. We've had a 100-gallon water tank explode, a water bed explode. We've dealt with frozen pipes. Yeah.

Every November, we send out a memo to all our employees and showing agents saying, turn the water mains off at this time. We don't want to have freezes. So, you know, live and learn. Decades of experience, you learn a few things. Yeah, so we have a lot of experience. What we'd like to do is go through some of the experiences of what people want to know, questions they've asked. We see the same kinds of questions come up a lot. But they're the same kinds of questions that people managing their own properties want to know. It's really important that they know how to do it right. And this isn't just managing your own property, it's also living in your own property because it's important.

We're in California. We have a lot of insurance problems right now, and they're getting worse. One question we had: My insurance company sent me a letter saying I had to change my electrical breaker within 30 days or they will cancel me. Can they do that? Yes, they can do that. Yes, you should come into compliance as quickly as you can.

For example, they often do that if they have aluminum wiring or arcs. Sometimes insurance companies require rewiring. Or if they have Zinsco breakers — well-known for arcing and causing fires — sometimes the insurance company says upgrade your electric panel or they won't insure you anymore. Owners get a little on their high horse and call and ask, "Do we really

have to do that?” No, you can get canceled if you prefer. Then you might pay twice or three times what you pay for insurance. So yes, bring it into compliance.
Basically, they’re insurance actuaries — smart math people who figure out risk. They say it’s not worth insuring a property with this risk. If it’s not worth it for them, it’s not worth it for you as a landlord. It’s something you need to take care of. Sometimes they also call about trees hanging over neighbor’s property or your own property that are out of balance or old. They may ask you to remove or cut it back.

I shared a story on another show about a client who sold a property and closed escrow. They did a home inspection, called out their HVAC, and actually got canceled. They were without insurance for a week and were freaking out. They had inspections, a home warranty, and were canceled around the time of bad fires in California, so they were scared. They did get new insurance, but they were busy and didn’t open the mail for a few weeks. Are they really going to cancel me? Yes, yes they will. So pay attention. Some policies aren’t getting renewed. We’re seeing a lot of changes with insurance right now. If you get a letter, it’s real. There are other companies if you lose insurance. We’re not insurance salesmen, but we know brokers who specialize in landlord insurance. They understand the value and what’s important, including loss rent riders and how things interplay. There are companies like State Farm that are not renewing. If you have rental property with State Farm, you might get a cancellation notice. Then you have to find someone else. Sometimes owners call two or three companies and say nobody will insure me. There are companies that will. That’s why it’s nice to hire an insurance broker. We can recommend some good ones.

One option is to use a non-admitted insurance carrier. Non-admitted carriers don’t meet all state requirements. State regulators require certain reserves and processes. Some non-admitted companies have good credit ratings and enough reserves to pay claims. Non-admitted insurance can be cheaper than admitted. You just need to understand the difference. A good broker can explain and help you choose. We’ve seen people canceled at $1,500 and find insurance elsewhere for $3,000–$4,500 — two or three times more for the same coverage. If you’re in a fire district, it’s worse. We’re in Sacramento, but fire maps are encroaching down from foothills. Places once not in fire zones now are. They sometimes fall to Cal Fire Insurance, which can be expensive. People pay $1,000 a month in fire insurance only — not liability insurance — in places like El Dorado County.

One thing Tiner Properties does is work with SureVestor. SureVestor is a liability policy that comes alongside your other policy. Do-it-yourself landlords can’t use them. Our company was vetted for it because of our volume. It’s great for landlords. SureVestor allows the property manager to be named as additional insured. Some insurance companies don’t allow that, but it’s necessary. Almost any professional property management company will require it. If your insurance won’t do it, you can bring in SureVestor for the liability portion. It’s affordable and helps get around current insurance problems. If you have a rental property and are enjoying learning, great.

If you think you need help or don’t want to become proficient in all landlord tasks, please call us. We’ll come out, meet with you, spend half an hour at your property, talk about management costs, rent estimates, and what you need to get ready. No obligation, no cost.
Our number is 916-974-6003. From your cell, dial pound 250, say “Tiner.” That sends you info and links your call to us.

Our website has lots of valuable info. Almost everything new in law or best practices, I’ve written a blog or done a video blog. On Tiner.com, under Owner Resources, we have podcasts with transcripts, video blogs, and written blogs. Great info to check laws or best practices. We’d love to talk if you want property management.
We’re going through questions from listeners.
One question: I’m moving out of state and renting my California home. Do I have to pay withholding tax?
More people are leaving California. So this is an opportunity question. If you don’t live in California but rent your home, you might owe withholding tax. It’s like a payroll tax deduction for state tax. The withholding tax law was signed in 2011 by Arnold Schwarzenegger. If you leave California, any rent you receive requires withholding a certain amount and sending it to the state. The amount depends on where you move. If you live in the continental US, it’s 7%. If you go to Japan or other places, it’s 9%. We have to do that if we collect rent for you. It’s required for owners, too.
No way to avoid it, except applying for a waiver. You can apply if you don’t owe state tax. If you owe tax, no waiver. If you earn little California income and are current on taxes, you can apply. About half who apply get the waiver. If approved, no withholding for one year. You have to reapply yearly. It can make a big difference on a $3,000/month property — $210 withheld monthly.

At year-end, if you file state returns and owe no tax, you get the withholding back like payroll tax. It’s like a forced savings account. California wants to know they’ll get tax based on your rent. That’s something to watch if renting out property. It affects cash flow. Many owners don’t live in California — other states or countries. Whatever works for them. It’s a lot of work for our accounting. Monthly, they withhold, do quarterly filing, and pay the state. We comply fully. Year-end bookkeeping is heavy. We have a great bookkeeping team to help. If managing yourself, you have to be an accountant too.

One more accounting thing: Landlords holding security deposits must give tenants any interest earned. When we manage property, we hold deposits in a trust account bearing no interest. So no interest to return to tenants, but also no interest income for us. My personal savings account earned 0.002% interest last month — 22 cents on $35,000. John needs a better spot for that money. Calculations must be done and interest returned to tenants. Best to keep deposits in non-interest-bearing trust accounts to avoid that accounting. More accounting if managing yourself. Tiner Properties typically holds tenant security deposits. It’s a requirement. Most owners do.
Reasons include:

- Owners traveling when it’s time to refund (must refund within 21 days).
- We can refund timely.
- If tenant’s check bounces after rent payment sent to owner, security deposit covers rent so our accounting doesn’t go negative.

Department of Real Estate requires accounts never go negative (owner’s funds can’t cover others’). By holding deposits, we stay compliant. We refund after inspections, photos, and accounting within the 21-day timeframe. That’s a tight timeline.

Here’s another question: If an applicant is combative and rude at a showing, can I decline them just for being a bad person? Good question. There’s fair housing and many protected classes. I think 7 federal and 22 state protected classes, growing all the time. You have to be careful. Rude is not a protected class. If a prospective tenant is obnoxious, you can deny them. If children scream and damage property, you can deny based on behavior, not because of children. Be careful how you deny them. Don’t say “We won’t take you no matter what.” You’d have to defend that decision. Could cost headaches or money. Turn them down respectfully. People need housing; it’s basic. Tell them politely the property isn’t a fit. We do this systematically. We deny about 3 out of 4 applicants. When denying, we explain the easiest reason — maybe someone better qualified, credit issues, or criminal history. We avoid embarrassing them. We say “Your application was declined” — not “You were rejected.” It’s a document, not personal. Do it professionally and kindly. We have screening guidelines on our website. Our available properties show a long list of screening criteria. We screen well and strictly, within the law. We have less than 1% eviction rate.

John wants to be expert in property management, not evictions. I love my eviction attorney, Tom Hogan — he says we’re his worst client because we pick tenants carefully. We’re proud. We’re great property managers. Selection is key. We’re running out of time today for the Landlord Logic Show.

Thank you for spending the last half hour with us. Join us next week, same time, same station — 8:30 to 9 a.m. on KFBK.

If you’d like to reach out for property management, consultation, rent vs. sell analysis, or to sell (Jenny and I sell homes too), we’d love to talk. Our number is 916-974-6003. From your cell, dial pound 250, say “Tiner.” That sends you info and links your call.

Our website is a great resource. Some check us out first. Our website has lots of info on property management — tenant screening, marketing, maintenance, inspections, all in short videos. Podcasts and blogs are there too. We welcome you to explore. Thanks for listening to the Landlord Logic Show. We’ll talk again soon. Tune in next week to learn how professional property management doesn’t cost — it pays.

Want to learn more about services from the Tiner Property Management Pros? Their professional team takes care of your rental home from start to finish. Dial pound 250 and say “Tiner” to learn about managing rental properties easily. Check out their website, tiner.com.

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