Episode #58

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.

I am John Tiner, and in the studio with me today is my wife, Jenny Tiner. And we are one of those 24-7 couples. We work together and live together and vacation together and still like each other. It's just awesome. But Tiner Property Management is a local. Sacramento-based property management firm. We manage nearly 1,400 properties now. And our goal as a property management company is to really make it turnkey for owners to own rental property. We take the risk out of it and help them just gain the reward with minimalized risk. And we do all aspects of property management for the property owners. So they pay us and we help find a great tenant. So we do the marketing, we get it market ready, clean it, make it spick and span, and then market it well.

We have really nice light pictures on our website and people like it and applicants come to that and they want to rent from us. They a lot of times say, hey, I've been looking all over the internet and you have all the nice properties. So we do a good job of marketing them and getting them ready to show. And then we are really picky about screening the tenants. We'll probably come back to that topic and talk about it a lot today. But we are successful with that.

So with 1,400 properties, we're doing less than one eviction per year. So we're picking tenants that are great. And that's not luck. That's really a lot of experience. We're 50 years in business this year. And so we have learned how to screen applicants so that we really help avoid the odds that we would ever have to do an eviction. or have a problematic tenant. We're good at picking them. And then we coordinate the repairs and send the owner a check every month. And at the end of the year, we help them do their year-end accounting so they have everything they need for the tax write-offs and make it real easy and turnkey for you. So that's what Tiner Property Management does. And our goal here on the Landlord Logic Show is to help do-it-yourself landlords know how to better do those things for themselves. And if you want some help, we're glad to help you. But we're kind of sharing the secret sauce of professional property management and saying this is the best way to do it. These are the best practices. And some people will listen to that and go, great, I'm going to implement those things and take care of them and do it that very way for my own rental. And other people listen to us and they say, that's a lot of work. I don't want to learn how to do all that stuff. And I'd rather just call them. So we're glad to help either way.

It's funny, I talked to a lady on the phone the other day, and she's up in Auburn, and she has a little landlord group that they meet, and they discuss strategies semi-regularly. And she brought up a booklet I had written about the best screening processes to pick a good tenant 25 years ago. And they literally had printed that booklet out, and they would look through that and figure out if they wanted to rent a tenant based on it. I didn't want to… burst or bubble too much, but really some of those things have changed over time. It's no longer the best way to do it because the laws have changed. So you can't say some of the things that I would have said 20 years ago. The rules are different now.

So we want to talk a little bit more today about picking a good tenant and the tenants that you really want if you own a rental property. Right. How to screen smart and pick right. So we're just going to talk through, we have… Like John said, we have fantastic screening guidelines, which, by the way, all of our screening guidelines, I even asked John before this show, we should just read off them all. It's a very long list on our website. We won't. It could get very boring. We'll go through some of the important items. But if you click on any of our available properties, you'll see our screening guidelines on there. And if you're a do-it-yourself landlord. We feel these are important. You're welcome to use our screening guidelines. Copy and paste. We even have a minimum income calculator that's based on a tenant's credit. And I say anybody can use that. You're welcome to click on it and use it yourself.

Yeah, this income calculator, the reason why we created it, John actually figured it out. And before tenants apply, they can put all of their financial information in this calculator to see. if they qualify for the property that they're applying for. We have three tiers. And the reason that we did this is we realized that some tenants may have a good amount of money in the bank, but maybe they don't have their cash flow monthly. Retired people or maybe some that get, you know, whatever their… income from different avenues.

The other thing that we found is I'll use myself as an example. We have twins that are 22 live with us. They're going to Sac State. They don't have any bills. They make money. They both have jobs, but they have good credit. And the reason they have good credit is because I put them on my credit card as an additional user. I don't know, maybe four or five years ago. And I did that for the purpose of I know my lender had said that's a good way for kids to start getting credit. So if they pull their credit report, their credit, I have fantastic credit. If I brag about myself, which I just did, they do as well. Their credit and their 22 is over 800. What's funny about the twins is that they have this 800 credit score and they've never paid a monthly bill in their life. Right. Well, they have a phone bill, you know. Yeah, that's about it. Do they pay it? Okay. Yeah, they pay their phone bill, but they don't have a credit card. They have a debit card. And the reason that I do that is, you know, if they go to the grocery store, hey, go get me some milk. I don't have to pay them back. Just use my card. If we're out of town and I door dash them food or they door dash themselves food, they pay for it themselves. So it's easier in my life and it helps them with their credit.

We're saying this because even if somebody's credit says they're an 8, 850, doesn't actually mean they pay a credit card bill. Right. It doesn't mean they're used to making monthly payments on time. They do have some money in the bank, but they don't have any other credit history. So our credit calculator, income calculator, really takes all of that into account. So what it does is it adds all their consumer debt to their minimum requirement of their monthly payments.

So it'll take their student loan and their car payment and their credit card payments, and it'll add that to how much they have to have for monthly income. So those minimum payments are added onto it. And then it has a, you know, a lot of times people say three, and we want to see three times the rent for income. Well, three times the rent for somebody who has no consumer debt versus three times the rent for someone who has a lot of consumer debt are very different stories. So this calculator helps us ascertain that. So if they're paying a lot of consumer debt, they need more than three times the rent.

And then the other side of that is what you mentioned earlier, which is if they're great savers, maybe they're retired or maybe they're a trust fund baby and they have a big… nest egg, for every multiple of the rent amount that they have in verifiable savings or investment accounts, we reduce their income requirement. So when they get to half a million dollars, they don't have to have any income to pass because they've got enough money in reserve that they don't need the income. So it just is a smart way to take a look at it. It's kind of like lenders looking at the… debt ratios, right? It's the same kind of a situation.

But we wanted this to work really well for us, especially when they changed the rules two years ago for first come, first serve. We used to just take the strongest applicant. Now the rules are that we have to take the first qualified. So we raised our qualifications. And part of that was this income calculator. which works really good. We're keeping a very low eviction rate, even with the new standards.

Yeah, so that calculator is on our website. There's a lot more that goes into finding a good tenant just besides the income calculator that we use, though. The rental history. So in addition to income and debt-to-income ratio, there's other important things.

We just make sure that you pick a smart tenant. Rental history tells us a lot about their character, right? Probably the most important part. We're a landlord. We want to know how they took care of their last landlord. Did they pay their rent on time is an important piece. That's probably the number one thing we're looking for. But we look at both landlords that are current landlords and prior landlords because sometimes – Yeah, the story before the last story is the one where you get the real story because if they suck – Sometimes a current landlord wants them to leave, so they say it's all great and rosy. And the prior landlords will tell you the truth. So we always go back a couple of landlords unless they've been where they are for many, many years. But we ask them not just if they paid the rent on time, but did they get along with the neighbors? Do they have pets? Have you been inside the property? Those other questions, and we have 18 of them, are very important to help us figure out if they're the kind of renters that we want to have.

A screener who's worked for us for over 20 years now, she's really good at doing this, and that's all she does. Rosalind, great screener. But sometimes a landlord will hesitate when she asks a question, and she's really good about detecting that pause and saying, sounds like there's maybe a little more you should tell me. And they tell her a lot of times, well, there was a problem with this. And then that's the decision. That helps us make a decision about whether or not we want to rent to them again. So landlord history is a very important aspect. So along with screening.

Another important aspect, sometimes it's actually a mistake that a do-it-yourself landlord might make, is more kind of on an emotional side and rush side. So they might not, they may err to the side of, you know, they'll pay a little bit more because they just said they'd pay more or they told me the story. We oftentimes will get calls, I know Jenny or I know John, will you just approve me? I mean, we're so strict with our guidelines. We don't, we don't vary. We don't divert. And that's part of our success of having such a low eviction rate.

So what are the red flags to avoid, John, when you choose a tenant? I think one of the most important things not to ignore for a red flag is that little tendency to want to rent the house so badly that you overlook things. Things that really were red flags and you shouldn't overlook them. For example, if they have a credit issue. Don't overlook it. The credit report matters.

Their debt matters. Don't just make exceptions. Sometimes they can't give you landlord history because they rented with family or that's the story, right? So if you can't verify it and it doesn't make sense to you, you probably want to be able to say no to that applicant. So you need to find a legal reason to, but don't ignore the red flags. And one of the red flags that we see a lot is people want to rent for more than the market is really worth. And they find an applicant who's willing to pay $3,000 a month when they know that many professionals have already told them that the rent value is only $2,700. And that red flag is that's a desperate tenant who's willing to say they will pay more than market so that you'll rent to them. And then they may default. They may not pay the rent on time. You may have to evict them. It could get really messy. But just because you want to see a higher number, maybe to help cover your mortgage costs, don't get into that trap where you start making compromises on the screening process and then have a much, much more expensive problem with a bad tenant. Because an eviction, rehab costs, it can easily be $10,000, $20,000 or more. That doesn't even compare to the $300 a month difference. in the rent that is fair market versus a little more that some marginal applicant is willing to pay.

And since we're talking about rent prices here, if you are on the market a little bit of time and you haven't had very much visibility, any activity, reduce that rent. Even if you just reduce it $100 to $100, get a good pool of applicants again. It's better to do that than have your property sit vacant. So that's my food for thought there. Get the price down, draw a better applicant, and get your property rented rather than sit vacant. And don't compromise and just take somebody that will pay more.

And while you're picking tenants, you also really want to make sure to be very careful that you're following all fair housing guidelines. Yeah, that's a really important one now because it can cost you a lot of money as a landlord. If you don't know the rules on fair housing, there's a lot of protected statuses. There's a lot of things that you can't discriminate on. So you can't, you know, say I want to rent to a family and then not rent to somebody who's not a family, right? If you're a landlord and you don't know well, there's a lot more rules. The state has 20 protected classes, over 20 protected classes, along with a federal, seven or eight that are in the federal. So it's very important to know them. If you don't know them, I really don't think you should be screening by yourself. As a do-it-yourself landlord that'll cost you way way more than it than it's worth in savings. So, you know, we always say professional property management doesn't cost, it pays. This is one of the ways that that's very, very true. So picking a tenant and staying within the fair housing guidelines is very vital and can save an owner a lot, a lot of money.

So, you know, if you need some help with that, you can always reach out to us. We would be glad to help you find a good tenant for your property. That one in 1,000 eviction rate is pretty extraordinary, and we can do that for your property. Call us at 916-974-6003, or from your cell phone, dial pound 250, say the word Tiner, and that will send you some valuable information and ring through to us. And of course, our website is tiner.com, and that is T-I-N-E-R.com.

We've been talking about screening and more on the landlord side, but we'd also like to talk a little bit about the tenants and what makes a strong applicant. And one of those is when a tenant first applies, we process applications when it is complete. Get a package together.

Get a package together. First thing, we just talked about this income calculator on the landlord side to use to see if your tenant qualifies. If you're a tenant, make sure you qualify before you apply. You don't want to overstretch that. Us, we make it easy because we have that calculator for our tenants to use. Verify your income, right? So it may be pay stubs that you need, bank statements that have some proof of your income. Yeah, your income documents. Obviously, you need an ID. You can't just say driver's license because some don't have driver's license. So a general ID. Could be a passport. Could be other forms of ID. But you need to somehow be able to prove that you are who you say you are and that your social security number is going to be you.

Rental history. Talked about that. It's important. If you're a tenant and you have not had a good relationship with your landlord, maybe owe them some money. This is the time to go and have that talk and get things square with them. Because why would the next landlord take a chance on you if you haven't? done your current landlord or your prior landlord right. So get that square with a landlord.

And a lot of times, you know, I've had tenants who come and we had a pretty good rental history with us, but they had one problem and they never paid us back for that SMUD bill when they first moved in and didn't transfer it into their name or something. And then they want to have a good rental history and they call because maybe the truth comes out when they get a landlord reference. And I said, well, you need to square it up. And if they do and they make it right. pay us what they owed. Maybe they owed for a plumbing stoppage or something that they caused with too many potato peels down the disposal or something. But if they make that right, then sure, their landlord history just became perfect again. So make it right with your landlord if you haven't already.

And also make sure that you qualify. For example, Tiner, we're very strict on this. You have to have rental history to rent from us. I always say, well, how does somebody get rental history if they've never rented before? Probably rent from an apartment. jumping into a single-family home if you've never had rental history just may not work with some property managers that apartments aren't going to have the same

Right. Yeah. So make sure you qualify. And then like John just talked about credit, make sure, you know, if you have an outstanding something that you didn't pay, whether it's a SMUD bill or I remember one time we saw one that somebody tried to rent from us and part of their documentation was their move out report from another property management company and they trashed the place. And it's like, no. And it was somebody we knew and it was like an attorney's kid. And it's like, It was, you know, it was not good. And we did not end up renting it.

Everything else really had everything in order. But when they left that property with the move out report and they had these many deductions from another company, not good looking if they're going to rent from us. So make sure that whatever document, complete documentation, but also pay any bills that are outstanding. Get yourself in order before you apply. There's sometimes a letter of recommendation. When we have tenants that are selling the property and they're vacating, one thing me and John will offer because I feel very bad that I have to relocate them because I'm selling their property. If they take good care of it, we will offer a good letter of recommendation. So if you have that, if you're leaving somewhere, that's a good thing to ask your landlord for. I think it would help.

Property managers are cagey about giving out information. But if you can talk to your landlord and ask them to write you a letter of recommendation on their letterhead, that's a great way to have landlord verification that maybe says more than the standard questions would even say. They were great to get along with. They took great care of the yard. They did have a dog, but it doesn't smell like a dog. It's really the house is in great shape. If you can get that kind of a letter from your landlord, that's gold.

So I say treat this kind of like a loan package. When you're going to go buy a property, you have to have all these verifications together and all this proof. If you can put a lot of those pieces together, so your verification of your income, your landlord history, if you have proof of payments, maybe you have bank statements or something that show your money going out on time every month, landlord reference with a letter of recommendation.

The more of these pieces that you can bring to a landlord in the beginning, the better you are. suited maybe to be picked and chosen early on. So, you know, do your due diligence and put your package together and have it ready. Right. Employment verification too. We didn't talk about that, but that's pretty easy. Income. Yeah. And I know some employers can be a little longer to reply. So hopefully nudge your employer along if you know that you're applying. Yeah. And if they won't, then maybe you have pay stubs long enough that you can show that you've been. getting money from the company for a long time. Yeah. Even we had one where actually my kid's baseball coach applied for one of our properties. And that was the one thing that we didn't have was the employment verification. And our screener, we've talked about, very strict. She went to pass them along. So I said, I will vouch for him. He is a teacher and my kid's baseball coach. I promise he is employed. He's been there multiple years. We know him, yes. So, yeah.

So if you'd like some help with your rental property, we'd love to hear from you. And the best ways to reach us, you can call direct at 916-974-6003. You can also check us out on our website, which is tiner.com. That's T-I-N-E-R.com. And there's owner resources on that page. There's blogs. There's podcasts for the show. It's all available for you on there. And then also from your cell phone, you can dial pound 250, say the word Tiner. That will send you some valuable information. And then also ring through to us if you'd like to talk to us. So, John, now we've gotten approved and we're moving into a property. What would be something that I would, as a tenant, want to protect myself from in the beginning? I think one of the most important documents is the move-in condition report. So this is where you go through the property and you take notes.

And now there's photo requirements that go with that. But you're saying, you know, room by room that the glass is clean, that the blinds are there, none of the veins are broken, there's no broken glass, the screen's in good shape. And it goes room by room and you're writing down anything that was defective and what's good. And if you do this carefully, maybe a couple pages, that's something that you sign as a tenant. and the landlord signs. So it's your baseline of agreement that this is the condition of the property when we moved in. And if, you know, if the green grass has got burn holes from a dog peeing on it from the last tenant, you want to make sure that you document that so you don't get blamed for the grass when you move out. So taking time to do a good move-in condition report, I think, is one of the most important pieces for a tenant to be able to get their security deposit back when they vacate.

Right. So if you're a landlord, The other side of this coin is you want to be able to prove that the property was in this good of condition when the tenant moved in. So that same move-in condition report, really, if it's done fairly, it's to protect both sides. You want to have a baseline of pre-existing damage, and you also want to say it's this clean when they moved in. So both sides have a little vested interest. It's a little different. They want to prove a different piece. But this is why we do move-in condition reports. And this is now why we also have photo documentation requirements.

Yeah. And how Tiner does it, if you're wondering, is we do our move-in condition reports before our tenant moves in, right before they move in. We provide that to them. And then I believe they have 10 days, once they move in, to make any comments that are different. Any additions. Any additions that they feel that should be on there. And it gets documented. So on each side of that, make sure owners, you have a good move-in report when you come in. And then tenants, also make sure that you document everything too.

Because then let's go around, okay, great, had a great tenancy, now we're moving out. So then we have the move out report. And this is, yes, the move out report is compared to the move in report. And the three items that a landlord can deduct from a tenant's secured deposit legally are unpaid rent. So if they owe any rent, you can charge them for that.

And that can include utilities that weren't paid that were the tenant's responsibility. That's all kind of under the umbrella of rent. The other two items are cleaning and damage minus normal wear and tear. So cleaning is not minus normal wear and tear. It's clean. It's clean. But damage would be minus normal wear and tear. So if a tenant's there for a long time, they're going to get more normal wear and tear credits than in someone who was only there for less than a year. You scratch up the floors when you're there for one year, you're going to be responsible for the whole floor. You move out after seven or eight years, you may not be responsible because of the prorated life of a floor. But those are the three things that you can charge. So rent, unpaid rent, damage, and cleaning.

And then when you move out, it goes back to that moving condition report. One thing that we offer that's required to offer is a pre-moveout inspection report.

What's interesting is not very many. We let all of our tenants have this opportunity. Not very many of them take us up on it. But can you explain what that move out, the pre-moveout condition report is? So the law requires that landlords give their tenant the opportunity to have a pre-moveout. inspection. And what you have to do in that inspection is tell the tenant of anything that they need to do in order to get their deposit back. So of course there's rent always, but there's cleaning and damage. So you have one time, if you have a pre-movement inspection, you have one shot to go in there and find anything the tenant would be responsible for, the things you would intend to deduct from their security deposit, gives them an opportunity to fix it before they vacate the property. so they can get their money back. And, of course, there's some caveats within the law that protect the landlord, too. It has to be visible. So if they have something that's behind a door and the door is propped open and you can't see the hole in the wall that wasn't visible, that wouldn't count. That's something you could add on later. But what it does is it puts a lot of pressure on the landlord to find everything. that they would want to charge the tenant for this tenant's responsibility in that pre-move-out inspection report. So it's a good opportunity for the tenants to say, let's set the baseline here now, right? So the move-in condition report is important, and then the move-out is also. very important. And that pre-move out really limits to one shot to find everything.

Yeah. So remember, you have to offer that to them, but not all tenants take us up on it. And then when they move out, the way our company does it is our tenants turn our keys in. Our property manager goes out to the property, usually that day, the next day. And as a very thorough inspection, they don't do it with the tenant present for many reasons. One of them, sometimes it takes an hour to two hours to complete them. So it's very long. We take a lot of pictures. And then we provide the move-out condition report. We categorize what's a tenant charge, what's an owner charge, maybe what we recommend for the owners to complete before that wasn't damaged, but just something that we recommend them complete before the next tenant moves in.

Another important part of that is after that report goes out, deductions are made, you have to give the tenant's deposit back within 21 days. So that's another important part for an owner. Yep. These are all things that we do for you if you hire Tiner Property Management to manage your rental property.

So if you'd like to reach out to us, we'd love to hear from you. We are at area code 916-974-6003 or from your cell phone, dial pound 250 and say the word Tiner. You can also check us out on our website, which is tiner.com. And that's T-I-N-E-R.com.

But thanks so much for listening today. We're glad to have you be with us this half hour on the Landlord Logic Show. 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.