

# Owner FAQs

**What does Five Star Property Management look for in an owner?** We have found that the most successful rental properties are owned by owners who understand the following:

- 1. Owning rental property is a business:** With any business there will be expenses. In this case, they will come in the form of appliances, painting, flooring, windows, landscaping, roofing, etc. The good news is that most of these expenses can be tax deductible, and any improvements you make to the property will reap countless rewards in terms of higher rent and higher quality tenants.
- 2. The nicer the property, the higher quality the tenant:** Once again, the most successful property owners out there realize that you can't put lipstick on a pig and expect it to become a supermodel. You need to start with the basics and work your way up. The property needs to be well put together, with good working appliances, clean and updated fixtures and paint and attractive curb appeal. Once you have the property in tip top condition, your property will appeal to a much higher end demographic which means higher rents for you!

**What does Five Star Property Management do for you?** By leveraging our experience and team of dedicated professionals, we create steady cash flow, limit liability and simplify your life!

## Additional commonly asked questions:

- 1. Are Property Management costs and expenses tax deductible?** *Per the IRS, many of the costs associated with your rental property are tax deductible including Management fees. Please see <http://www.irs.gov/publications/p527/ch01.html>*
- 2. Do you handle evictions?** *We will hire and work closely with a professional Eviction attorney to handle the Eviction process. The approximate cost to the owner for an un-contested eviction is \$850 - \$950 in attorney's fees for the Peninsula and slightly more for un-contested evictions in San Francisco.*
- 3. Do you have references?** *Of course, just ask!*
- 4. Does Five Star Property Management obtain owner approval before doing any maintenance work?** *Our standard Property Management agreement authorizes us to approve repairs up to \$200 per occurrence (some agreements may vary). Anything in excess will need to be approved by the owner in writing or email. Through your owner portal you will be able to view maintenance requests we receive from tenants and you are always welcome to call or email to discuss any questions or concerns regarding such maintenance work.*
- 5. How do you advertise my home for rent?** *Your home will be advertised on all the major rental websites including Zillow, Trulia, Hotpads, Lovely, Rent.com, Craigslist and many more! It will also be featured on our own website which is where the majority of our quality tenant conversion comes from.*

6. **How do you qualify tenants, do I have any say?** *Our goal is to provide you with well qualified tenants with as little vacancy time as possible. We will run a full credit report that includes eviction, judgment and criminal history. In addition, tenants will be required to submit paystubs for 2 months and we must verify employment history by calling and speaking with the employer. Tenants should have been employed for 2 years at the same location or in a similar line of work. Please see our Tenant Qualifications sheet in this handout for a full run down of our strict screening requirements.*
7. **How does Five Star Property Management choose what contractors and vendors to work with?** *Our vendors are chosen for many factors. First, we work with reputable companies who have proper licensing, past history with us and are dependable and will respond in a timely manner to repair requests. We are familiar with standard industry pricing and expect our vendors to provide fair pricing, timely response and ethical evaluations of the repairs needed. When we feel a price does not make sense, we will question the price with the vendor. In emergency situations and after hours some costs will be higher than during normal business hours. We will treat your rental as if it were our own! Currently, we have no affiliated business interests in the repair people we use.*
8. **How long does it take to find a renter?** *Provided that we price the property correctly, most of our properties will rent within 15 days or less. However, we can't guarantee how quickly your home will rent as there are many factors that will affect your time on the market such as condition of the home, amenities, location and price range. But rest assured that we will do everything within our power to get your home rented to the most qualified tenant as quickly as possible!*
9. **How much can I rent my home for?** *We will do a rental evaluation on your home after we see the interior of the property. We will discuss the pros and cons of your home and suggest a rental amount to you. We have an abundance of experience pricing rentals correctly and can help you make a good decision.*
10. **I have a rental home currently occupied by a tenant... will you take it over?** *Yes*
11. **I have a rental home with a problem tenant... will you take it over?** *We will sit down with you and review your current situation, including your contracts with the tenant and discuss the problems you are having. We are here to help!! If we feel it's a problem that can be dealt with, we will take it on! Many times tenants respond more favorably to professional property manager than they do the owner of the home. We have lots of legal and real world knowledge in our arsenal to help you with tenant problems.*
12. **I need some help repairing or rehabbing my home... will you help me?** *Yes, we can help coordinate major & minor repairs. We will review the scope of work with you and discuss a plan of action that works for you and your budget.*

- 13. I see there are different kinds of inspections available. How does Five Star inspect my home?** *Five Star will conduct drive by inspections every 3 months and also upon request or need. Interior inspection will be done at least annually. Interior inspections may also be done if there is an emergency or legally justifiable purpose and will be done with proper legal notice. There are many legalities surrounding entering a rental unit (even if you are the owner) and Five Star will always follow good legal protocol on such matters to keep you, the owner, in compliance.*
- 14. I want to buy an investment property... will you help me?** *Definitely, we have helped hundreds of investors with the purchase of investment properties and own our own as well.*
- 15. I want to rent my home... Can you advertise my home before I've moved out?** *Yes, we can advertise occupied homes and work with you to find a renter before you move so that your vacancy costs are lowered.*
- 16. I would like to do the repair work on my rental property myself. Is this permissible?** *Yes and No. 99% of our owners direct Five Star Property Management to handle all repairs because of the discounted rates that we can get for them. Additionally, we have a long list of professionals who can jump right on the job and get it done! Because of this, we have developed systems so that these repairs are done in a timely, cost effective manner and with professional workmanship. When an owner requests to do repair work on their own, these repairs fall outside of our proven system and the opportunity for error is greater. With that said, we have had some owners that are professional tradesmen, such as an owner of a heating and cooling company. In this case, it makes sense to utilize the property owner's own company to service their rental property.*
- 17. I would like to reserve part of my property (a garage, shed, or other room) as personal storage space that the tenant does not have access to. Is this possible?** *If your lease states that a portion of the property will be reserved for Landlord's storage purposes and the lease is clear on the matter, then yes, this is possible. HOWEVER, it is NOT recommended. There are many issues surrounding this arrangement. For example, if you need something that is in storage you cannot simply walk onto the property and get your belongings as you would have to give the tenant legal notice to enter the property. Also the lease would need to spell out that the tenants are NOT responsible for the security or safety of your belongings and you would have to assume the risk of vandalism, theft or the possibility of your belongings being destroyed. There may be insurance issues involved as well. Lastly, we have seen many problems arise from these types of situations and discourage this. Let's talk!*
- 18. What areas do you cover?** *The Peninsula, San Francisco, South Bay and portions of the North Bay.*
- 19. What happens if my renter is late making rent payments?** *The lease agreement gives the tenants a 2 day grace period (Due on the 1st, plus 2 days grace = rent must be in by the*

3rd). If the rent is not in by the 3<sup>rd</sup> we will serve a legal 3 day notice to pay rent or quit. If no communication is received after the 3 day notice expires we can begin a formal legal action (after consulting with you, the owner).

20. **What happens if my tenant needs after-hours emergency maintenance?** They will have several options to get in touch with us. The first option is to go on line to their tenant portal and submit a maintenance request. The second option is to call our 24/7 hour emergency phone line (try it for yourself...650-243-0449). Either way, Five Star will be notified!
21. **What kind of Insurance should I get for my rental home?** Most insurers will recommend what is commonly referred to as a "Landlord's Policy". This is not the same as your regular "homeowner's insurance", there are important differences. Please consult your insurance provider for the best advice.
22. **What percentage of tenants requires eviction?** Nationally the average is somewhere between 5% -7%. However, our average is much lower as our screening criterion is very strict! But keep in mind that even the most reliable tenants can lose jobs, get divorced or face illness that changes their personal circumstances and ability to pay rent. Thankfully, we have found that in even the most challenging of circumstances, higher quality tenant do their best to give us advanced notification and will work with us to find replacement tenants so that the owner's income stream is uninterrupted.
23. **When do I receive my rent check?** We distribute paid rents (minus management fees) by the 10<sup>th</sup> of every month.
24. **Who holds the tenant's security deposit?** Security Deposits are usually held in the Broker's trust account as most owners have found that this arrangement works best.
25. **Who pays for repairs at my rental home?** It depends. If the item is a legitimate wear and tear item, the owner would be charged for the repair. However, if it is found that the tenant is responsible for the issue, we would bill the charge back to the tenant. As a reminder, you will be required to deposit \$200 into the Broker's trust account as repair reserves. When this amount is depleted it will be replenished either when the rent arrives or we will request a check from you. We have an approval process we follow to allow you to authorize repairs and it will be a part of your property management agreement.
26. **Will you find a renter for me if I want to manage my own home?** Yes, we do this as well. Call for a quote.
27. **How often will you inspect my home?** Five Star Property Management performs annual Property Maintenance inspections which allow us to ascertain the condition of the home and confirm that plumbing, electrical, health and safety issues are addressed and the home is in habitable condition. We also do a drive by/exterior inspection every three months and at various other times if we are alerted of issues or have concerns.

- 28. How do inspections work?** *Legal notice must be given in non-emergency situations. Although a 24 hour notice of entry is sufficient in some situations, there must be legal cause for this. Annual inspections are usually schedule 1-2 weeks in advance.*
- 29. What if my tenant is not keeping up the yard?** *The lease contract does cover maintenance of the yards and watering, however, this condition is very subjective and hard to legally enforce. In the event the tenant is not keeping up the yard their lease agreement does allow us to hire a gardener and charge the tenant for upkeep. However, many times the issue is a watering issue (if the tenant is paying the water bill). If you are concerned about the exterior landscaping of your home we suggest that you have the lawns maintained by a professional gardener and consider paying the water bill. This can be part of the original lease agreement and can be accommodated for in the rent amount.*
- 30. What about the inside condition? What if they don't take care of the house?** *By adhering to our strict screening standards we attract a higher quality of renter. However, there will be times when even the best renters do not take care of the home as well as the owner would like. Condition is very subjective and normal wear and tear is expected. We always look to our lease agreement in determining if a tenant is inside or outside of his legal obligations regarding condition of the home. If we determine the tenant is not acting in accordance with the lease we will take the appropriate steps.*
- 31. What About When My Tenant Moves Out, how is that handled?** *Prior to move out the tenant may request a pre-move out inspection with us. We will also provide them with a list of items they must clean and we will go through the home with them in order to make them aware of any conditions that would cause us to deduct from the security deposit. This provides the tenant with the opportunity to fix the issues prior to moving out. With our strict screening, pre-move out inspections and high cleaning standards, the home should be left in good condition with just normal wear and tear. If there are any items which require repair, the costs of those items will be deducted from the security deposit. As a side note, there are common industry standards in regards to what conditions can be deducted from the security deposit based on the time the tenant had been living in the home and we can discuss those standards with you. In the end, we have 21 days to provide the tenant with a breakdown of what they are being charged out of their security deposit.*
- 32. Does Five Star Property Management have the lowest fees?** *No. However, considering the high level of service and the high quality results that we get for our owners, we are more than worth our fee! One other way to look at fees is like this: There are many price levels for parachutes, but do you really want to jump out of the plane with cheapest one?*
- 33. How do we get started?** *Just give us a call at 415-602-7011, or send our broker an email at [roger@gofivestarpmp.com](mailto:roger@gofivestarpmp.com)*