

12 steps to successfully managing your rental home

WILLIE A GALLEGOS REAL ESTATE BROKER #01206680

WHO AM I?

THE REAL ESTATE CONNECTION

- BROKER OWNER OF THE REAL ESTATE CONNECTION/TREC VIRTUAL PROPERTY MANAGEMENT
- REAL ESTATE BROKER
- NOTARY
- COACH/TRAINER
- AUTHOR
- REAL ESTATE INVESTOR
- OVER 25 YEARS IN BUSINESS



WHO ARE YOU?

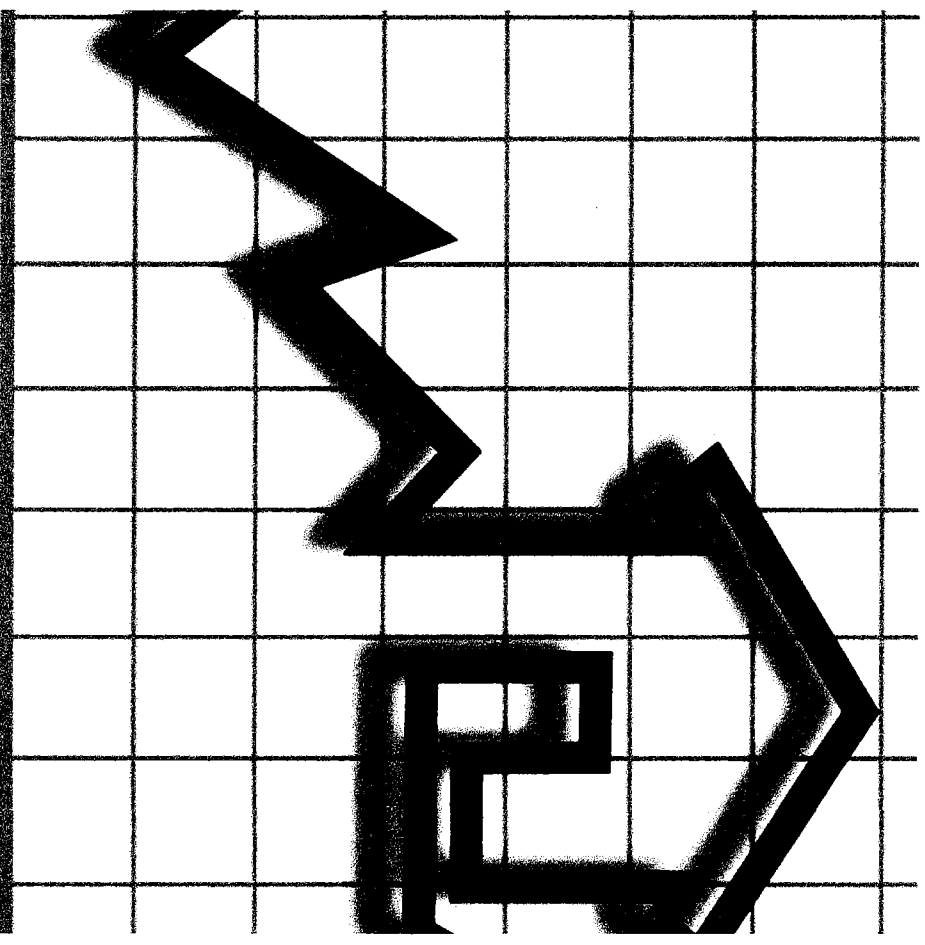
THE REAL ESTATE CONNECTION

- YOU ARE ONE OF OVER 20,000 LANDLORDS WHO OWN A RENTAL PROPERTY.
- ABOUT 95% OF YOU OWN 1 RENTAL PROPERTY
- 5% OWN 2 OR MORE RENTAL PROPERTIES
- MINIMUM RESOURCE TO MANAGE PROPERTIES
- YOU ARE A BUSINESS OWNER/INVESTORS



WHAT SHOULD I DO THE REAL ESTATE CONNECTION

- SFR VS MULTI-FAMILY
- HISTORIC CYCLE IN REAL ESTATE IS 12 YEARS
- MOST INVESTMENTS EXPERIENCE 3-5% APPRECIATION
- SHORT TERM INVESTMENTS 1-5 YEARS
LONG TERM INVESTMENTS 5-30 YEARS
- INVESTMENT STRATEGIES RESIDUAL AND APPRECIATION
- EXIT STRATEGY SHORT AND LONG TERM
TAX ADVANTAGES AND DISADVANTAGES



STEP 1

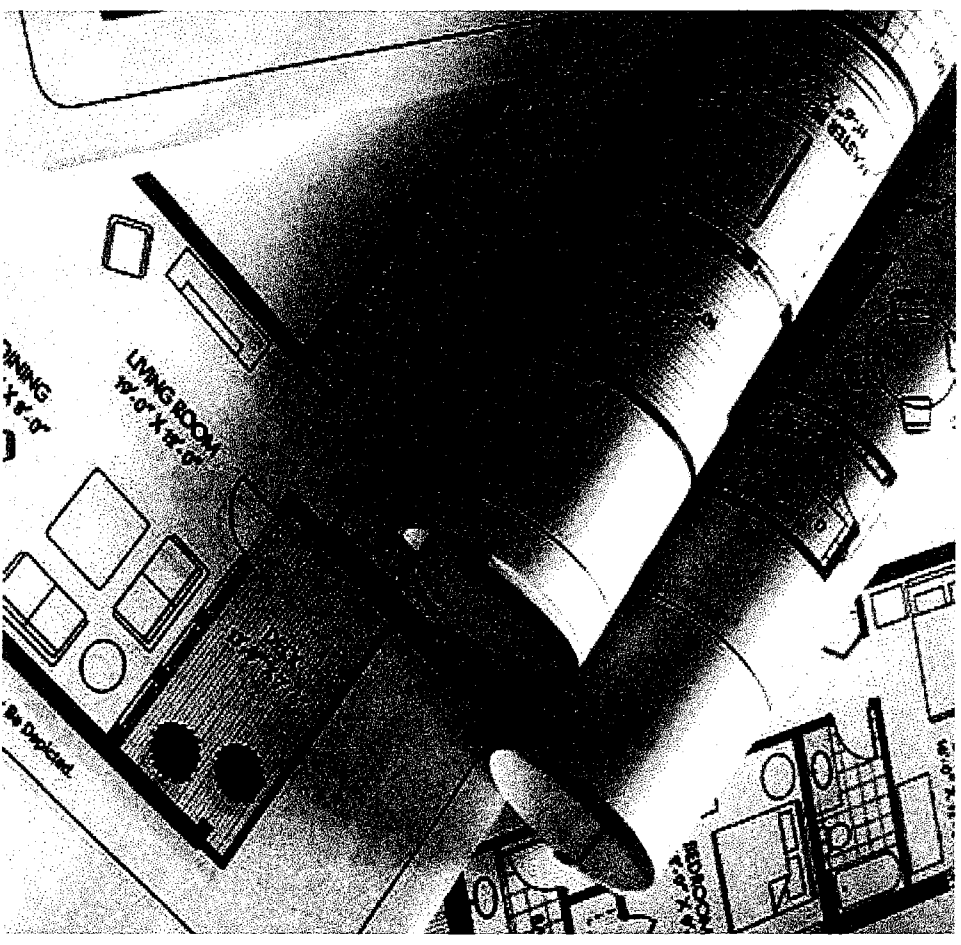
THE REAL ESTATE CONNECTION

- PRESENT A PROPERTY THAT IS AT LEAST SLIGHTLY ABOVE AVERAGE.
- AS AN INVESTOR MYSELF I WANT TO MAXIMIZE MY ROI
- ESTABLISHED RELATIONSHIPS WITH OWNERS/TENANTS
- MINIMIZE TIME AND COST



PRESENTATION BEGIN WITH REHAB THE REAL ESTATE CONNECTION

- PAINT
- FLOORING
- LIGHTS
- KITCHEN COUNTERS
- KITCHEN CABINETS
- KITCHEN APPLIANCES
- BATHROOM VANITY
- SHOWER/TUB
- BATH & KITCHEN FIXTURES
- YARDS / LANDSCAPING (LOW IRRIGATION YARDS)



3 REASONS WHY REHAB MATTERS THE REAL ESTATE CONNECTION

- FOR \$1 INVESTED IN REHAB, YOU GET BACK \$1.50-\$2.00 INCREASE IN RENTS
- I.E A \$20,000 INVESTMENT (NEW FLOORING,BASEBOARDS, PAINT, HARDWARE, FIXTURES AND APPLIANCES) CAN EQUATE TO A ADDITIONAL \$300-\$400 PER MONTH IN RENT WITH A RETURN IN 5 YEARS
- YOU WILL ADD VALUE TO THE PROPERTY THAT THE TEANT WILL CARE FOR
- YOU WILL ALWAYS ATTRACT A QUALITY LOMNG TERM TENANT



ROI

STEP 2 MARKETING STRATEGY

THE REAL ESTATE CONNECTION

- START WITH A RENTAL ANALYSIS
- BASE YOUR PRICE ON “ACTUAL AND NOT “ASKING”
- ADJUST PRICE BASED ON SEASON
- MAKE ADJUSTMENTS ACCORDINGLY



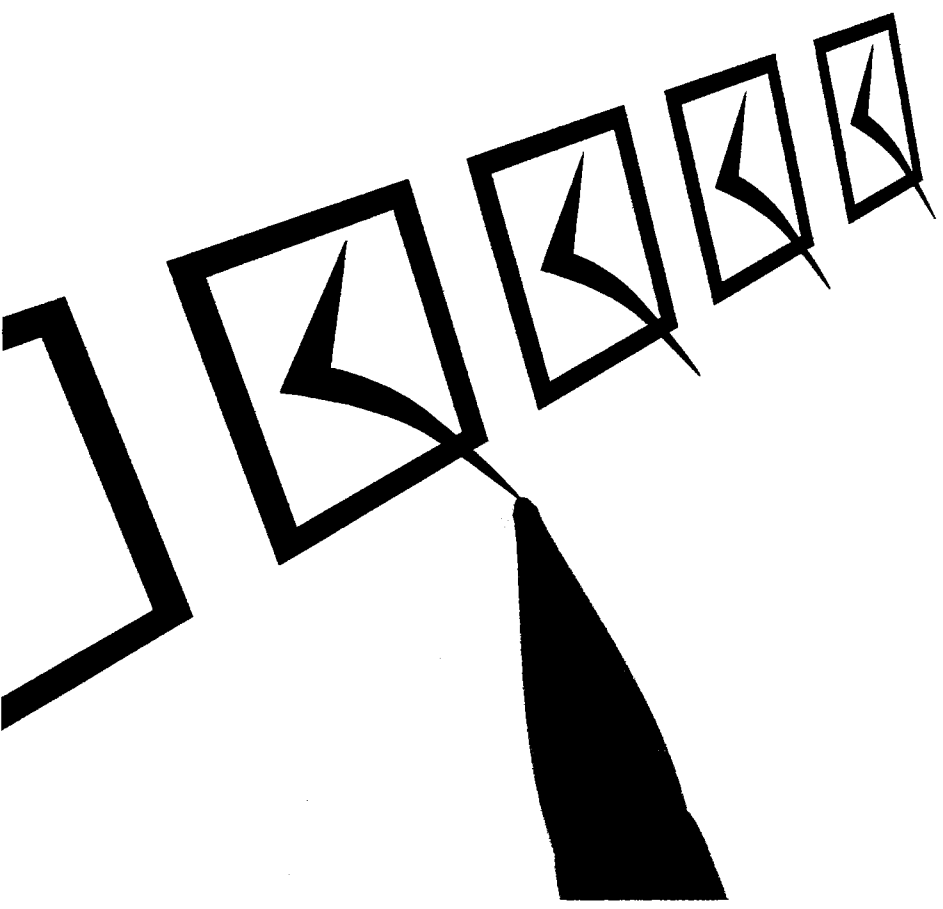
**YOUR RENTAL PRICE HAS
NOTHING TO DO WITH:
THE REAL ESTATE CONNECTION**

- ZILLOW AND OTHER ONLINE RESOURCES
- YOUR MORTGAGE
- YOUR EXPENSES
- THE APPRECIATION OR DEPRECIATION OF YOUR HOME
- FRIENDS OR FAMILY
- 3RD PARTY THAT IS NOT SUPPORTED BY YOUR LOCAL MARKET



**PRESENTATION PRE-MOVE IN
AND MOVE OUT CHECK LIST
THE REAL ESTATE CONNECTION**

- 32 ITEMS CHECK LIST
- PROPERTY INSPECTION SOFTWARE
- MOVE IN / MOVE OUT INSPECTION REPORT
- ANNUAL INSPECTION REPORT
- SAMPLE CHECK LIST AVAILABLE UPON REQUEST



PROMOTION OF YOUR PROPERTY THE REAL ESTATE CONNECTION

- **NATIONWIDE PROMOTION**
- **ONLINE / OFFLINE**
- **100'S OF REAL ESTATE & RENTAL WEBSITES**
- **SOCIAL MEDIA**
- **PROFESSIONAL PHOTOS/VIDEOS**
- **YARD SIGN**
- **DIRECT MAIL**
- **YARD SIGN**
- **WORKING 7 DAYS A WEEK /24 HOURS A DAY**



STEP 3 PETS FRIENDLY?

THE REAL ESTATE CONNECTION

- **GREATER POOL OF APPLICANTS**
- **MORE PROFIT**
- **LONGER TENANCY**
- **PET AGREEMENT AND DEPOSIT (NON SERVICE ANIMAL)**
- **DOCUMENTATION OF SHOTS AND ADDITIONAL INSURED**



STEP 4 SCREENING

THE REAL ESTATE CONNECTION

- MINIMUM CREDIT SCORE
- INCOME
- BACKGROUND CHECK
- RENTAL HISTORY
- NUMBER OF PEOPLE
- INTENTION OF STAY
- MEET ONE-ONE
- FOLLOW ALL LOCAL AND FEDERAL/
STATE HOUSING LAWS

6 STAGES OF TENANT SCREENING



PRE-SCREEN



REQUIRE A RENTAL APPLICATION



CALL EMPLOYER REFERENCES



CALL PRIOR LANDLORDS



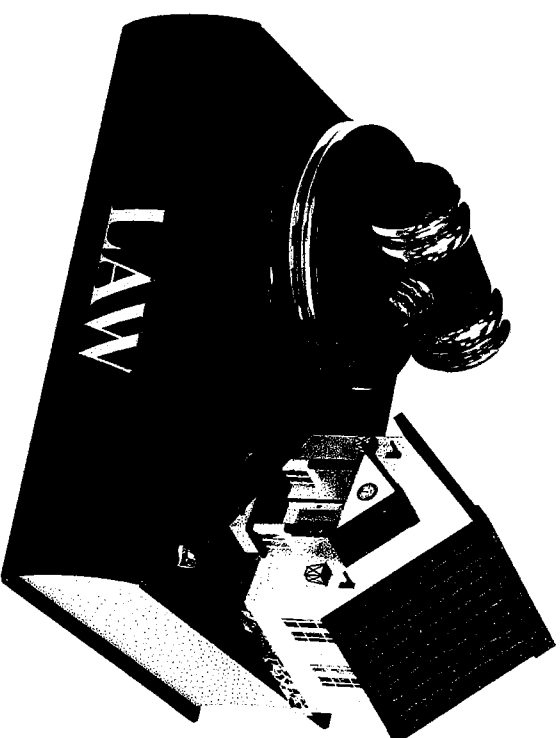
REQUEST CREDIT & BACKGROUND CHECK



ACCEPT OR DENY TENANT

7 MOST COMMON LAWSUITS AGAINST LANDLORDS THE REAL ESTATE CONNECTION

- **IMPROPER WORDING OF
ADVERTISEMENT**
- **IMPROPER DENYING OF AN
APPLICANT**
- **IMPROPER HANDLING OF SERVICE/
COMFORT ANIMALS**
- **IMPROPER SERVICE OF RENT
INCREASE**
- **IMPROPER ENTRY OF HOME**
- **IMPROPER RETURN OF DEPOSIT**



STEP 5 PUT IT ALL IN WRITING THE REAL ESTATE CONNECTION

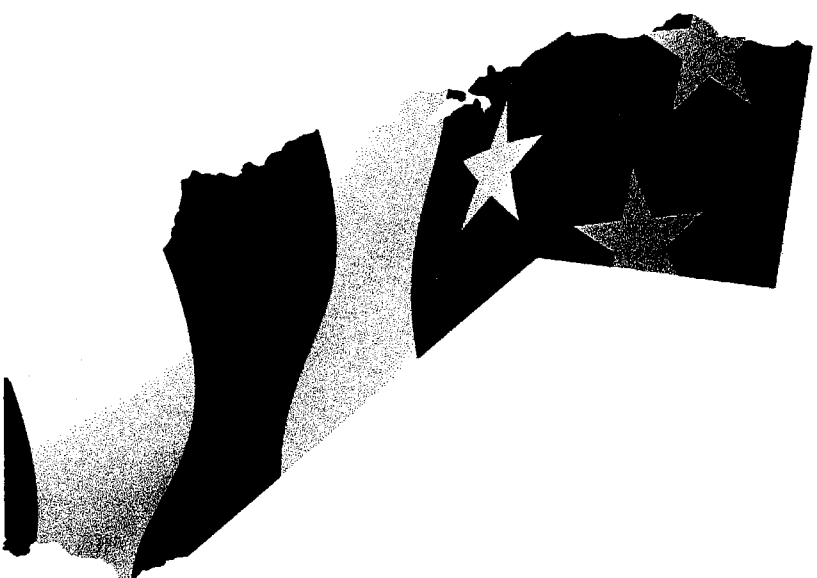
- 1 YEAR AGREEMENTS
- LANDLORD/TENANT RESPONSIBILITIES
- SERVICES INCLUDING
- RENTERS INSURANCE
- USE CORRECT DOCUMENTS
- TENANT HANDBOOK
- ONE-ONE MEETING

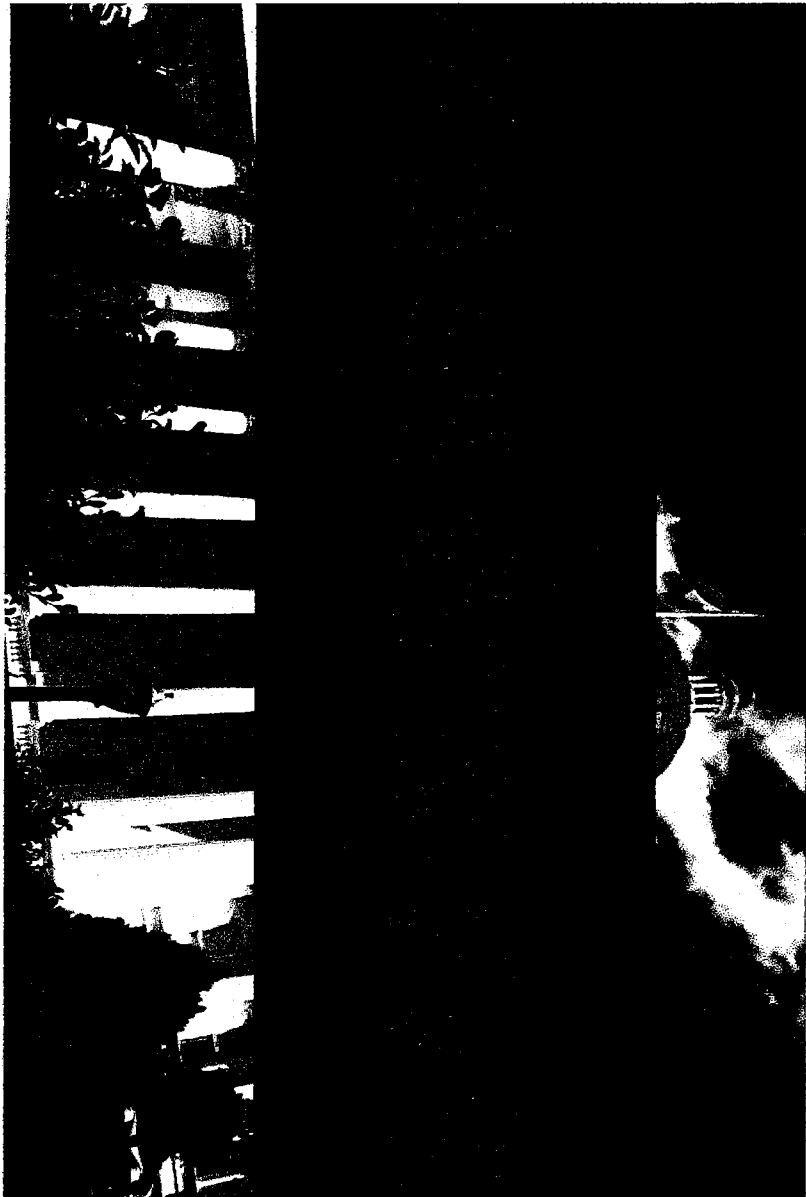


AB 1482 RENT CONTROL

THE REAL ESTATE CONNECTION

- **WHAT: STATEWIDE RENT CONTROL**
- **WHO: FOR ALL RENTAL PROPERTIES (LEGISLATIONS CHANGES CHECK FOR CURRENT UPDATES)**
- **NO ANNUAL RENT INCREASE GREATER THAN 5% CPI INCREASE**
- **CANNOT GIVE A TENANT NOTICE WITHOUT "CAUSE." THIS INCLUDES NONPAYMENT OF RENT, SELLING THE HOME OR MOVING BACK INTO THE HOME**





Rent
Control

Just Cause
Evictions

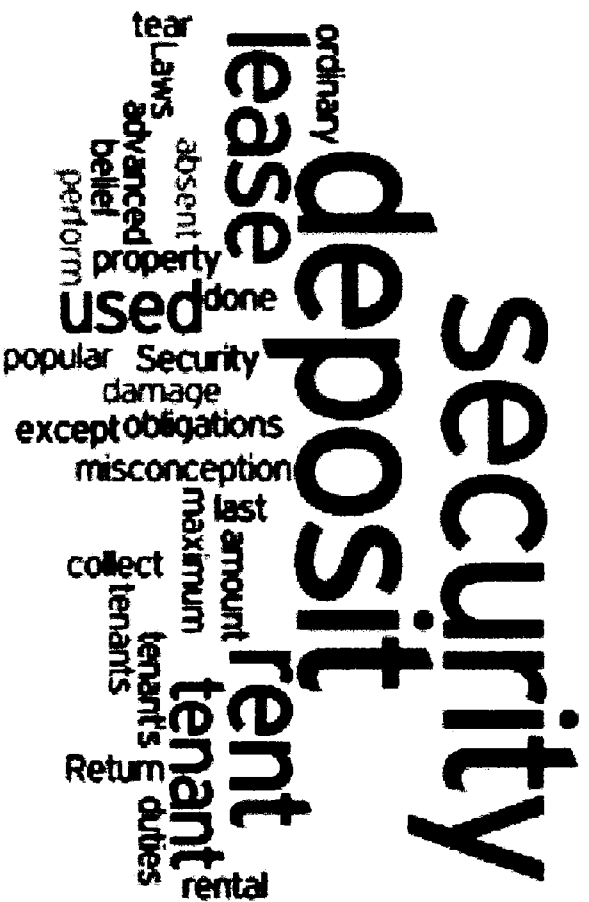
LEGISLATION



STEP 6 PAY THE DEPOSITS

THE REAL ESTATE CONNECTION

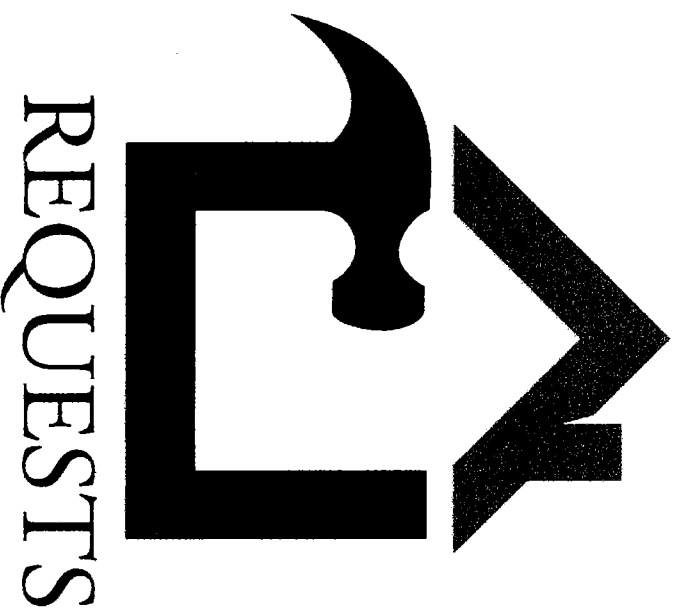
- SFR AND 2-4 UNITS = 1 MONTHS RENT
- MORE THAN 5 UNITS = 1/2 MONTHS RENT
- CREDIT ISSUES = 2 MONTHS RENT OR MORE
- FURNISHED = 2 MONTHS RENT
- PET FEE IS NOT A DEPOSIT
- NEVER LET A TENANT SAY DURING THE LAST MONTH, "USE MY DEPOSIT FOR MY LAST MONTHS RENT."



**STEP 7 PROMPT WITH
MAINTENANCE REQUEST
THE REAL ESTATE CONNECTION**

- DETERMINE RESPONSIBILITY (LEASE)
- COMMUNICATE WITH TENANT
- SCHEDULE VENDOR PROMPTLY
- VENDORS AGREEMENT
- SET ASIDE ONE MONTH RENT EACH YEAR FOR REPAIRS, MAINTENANCE AND REHAB

MAINTENANCE



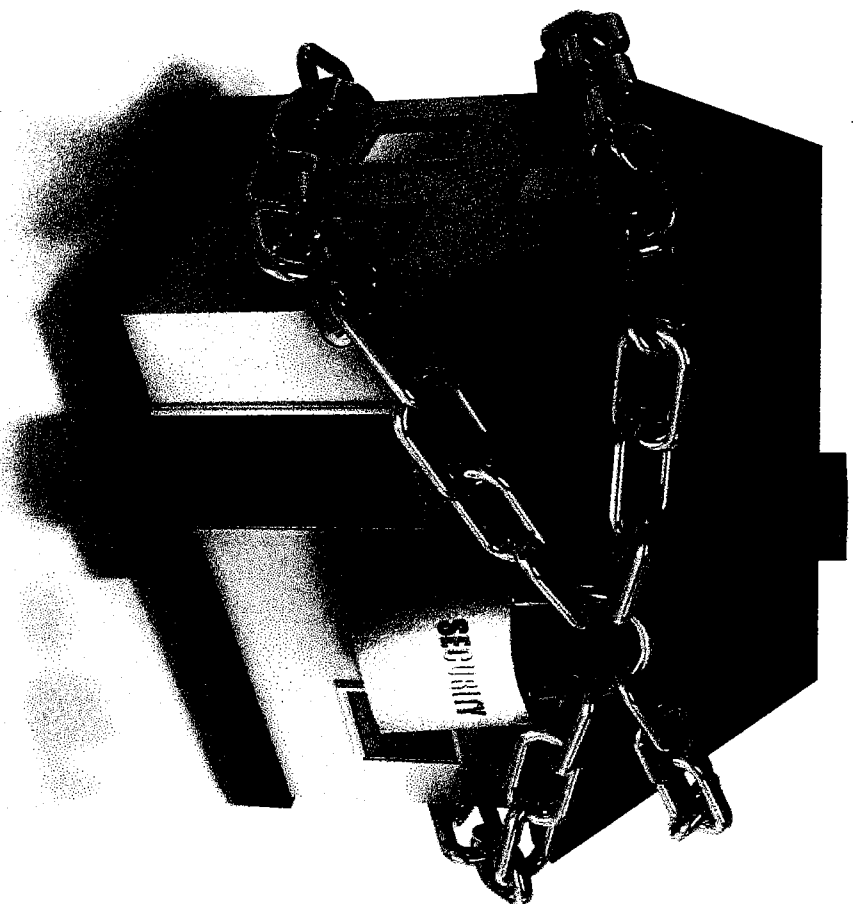
STEP 8 PROBE REGULARLY THE REAL ESTATE CONNECTION

- MOVE INSPECTION
- ANNUAL INSPECTION
- WRITE INSPECTION INTO LEASE
- 1-2 TIMES YEARLY
- UNAUTHORIZED OCCUPANTS AND PETS
- DEFERRED MAINTENANCE (FILTER, SMOKE DETECTOR AND CRABON MONOXIDE DETECTORS)
- MOVE OUT INSPECTION
- FOLLOW ALL LEASE "TERMS AND CONDITIONS" AND LOCAL, FEDERAL AND STATE RENTAL GUIDELINES



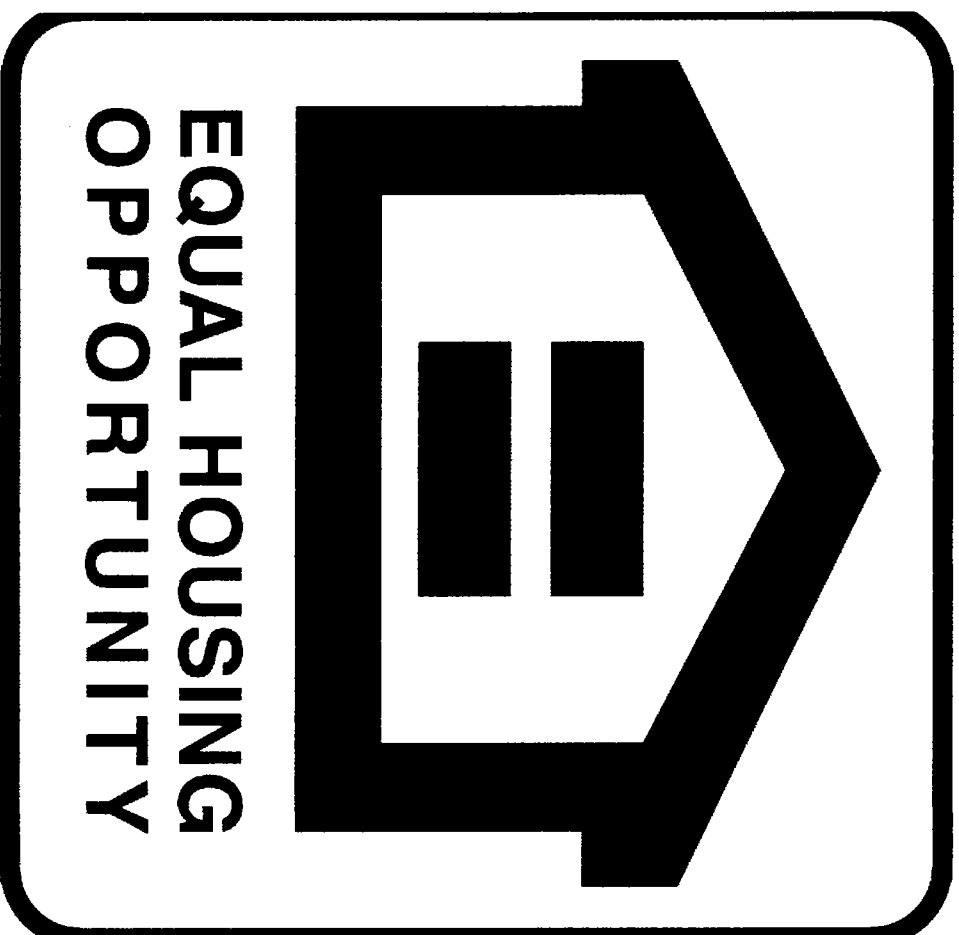
STEP 9 PROTECT YOURSELF THE REAL ESTATE CONNECTION

- RENTERS INSURANCE
- LANDLORD POLICY
- UMBRELLA INSURANCE
(MINIMUM \$1,000,000)
- CONSULT WITH A LEGAL
PROFESSIONAL ON HOW TO
HOLD TITLE AND ACCOUNTING



STEP 10 UNDERSTAND VIOLATIONS OF FAIR HOUSING THE REAL ESTATE CONNECTION

- SAFE
- WALK TO SCHOOL
- MASTER BEDROOM
- FAMILY COMMUNITY
- MOTHER IN LAW SUITE
- WALK IN CLOSET
- NEAR CHURCH
- PRIVATE COMMUNITY
- EXCLUSIVE
- BACHELOR APARTMENT
- 1ST TIME OFFENSE \$16,000



**STEP 11 PROFIT IS NOT A DIRTY WORD
TAX ADVANTAGES**

THE REAL ESTATE CONNECTION

- REPAIRS
- INSURANCE
- MANAGEMENT FEES
- TRAVEL EXPENSES
- UTILITIES H.O.A
- DEPRECIATION
- PROPERTY TAXES
- MORTGAGE INTEREST
- LANDSCAPE/GARDENING
- ADVERTISING
- LEGAL
- HOME OFFICE

PROFIT

**STEP 12 WHY IT MIGHT MAKE
SENSE TO CONSIDER SELLING
THE REAL ESTATE CONNECTION**

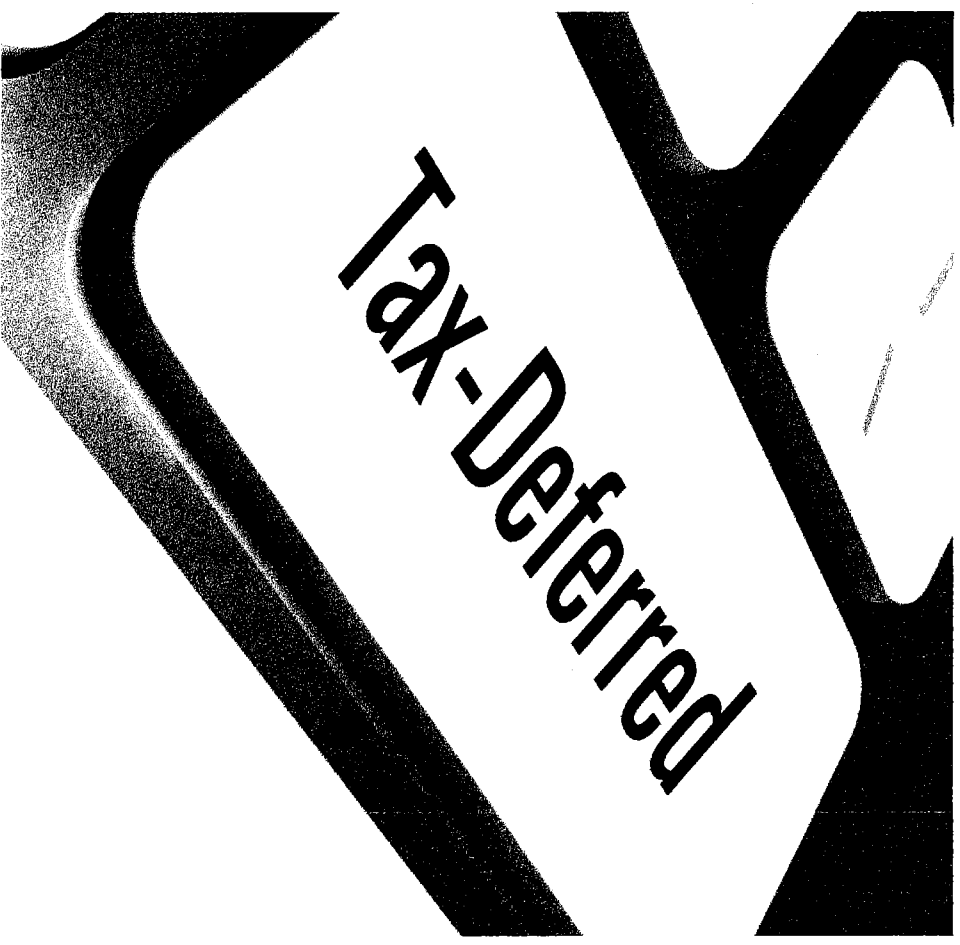
- HIGHER CAP RATE
- APPRECIATION HAS
STABILIZED
- CHANGE IN GEOGRAPHY
- CHANGE IN PARTNERSHIP
- NO DEPRECIATION
- STRATEGIZED YOUR
INVESTMENT PORTFOLIO

**IT'S
TIME TO SELL!**



**DO I PAY THE TAXES OR 1031
EXCHANGE?
THE REAL ESTATE CONNECTION**

- **DEFER YOUR GAIN**
- **MOVE UP TO PROPERTIES
THAT HAVE A BETTER ROI**
- **INCREASE YOUR PORTFOLIO**
- **DIVERSIFY**



PROPERTY MANAGERS ALWAYS MAKES YOU MONEY! THE REAL ESTATE CONNECTION

- OPTIMAL RENT
- MINIMUM VACANCY
- IDEAL TENANTS
- ENFORCE LEASE
- TIMELY RENT PAY OUTS
- RELIABLE AND AFFORDABLE VENDORS
- UNDERSTANDING OF LOCAL, FEDERAL AND STATE RENTAL LAWS



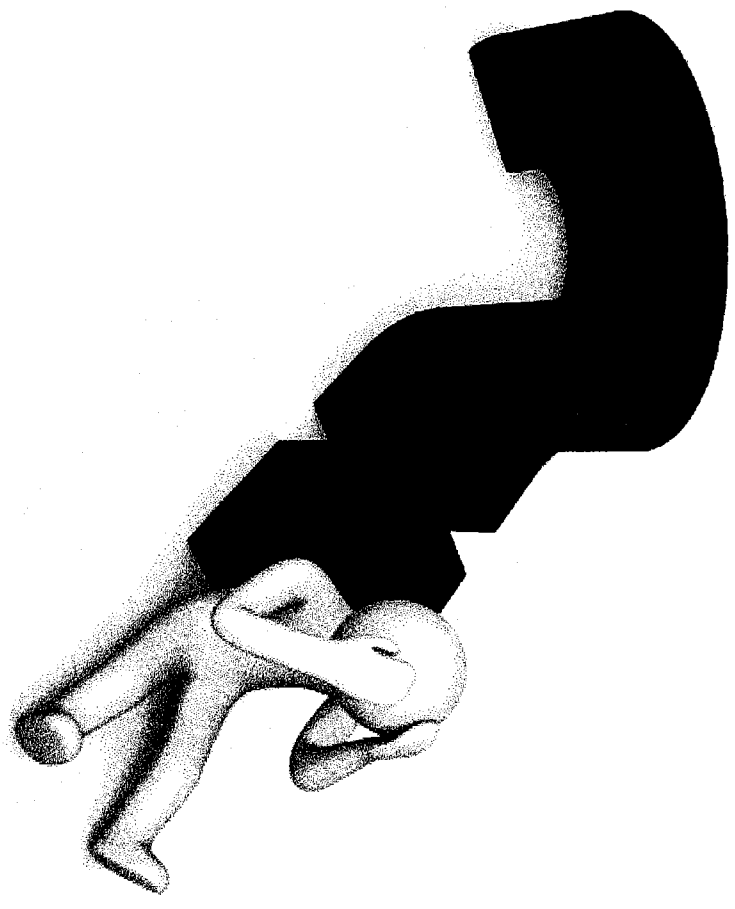
HOW DO YOU RANK AS A LANDLORD? USE OUR QUICK GUIDE THE REAL ESTATE CONNECTION

- IS YOUR HOME AT LEAST "SLIGHTLY ABOVE AVERAGE?" YES OR NO
- IS YOUR TENANT ON A 12 MONTH LEASE? YES OR NO
- IS EVERY TENANT OVER THE AGE OF 18? ON THE LEASE YES OR NO
- IS YOUR LEASE COMPLIANT FOR YOUR AREA? YES OR NO
- IS YOUR LEASE WITHIN A \$100 OF FAIR MARKET RENTS? YES OR NO
- DOES YOUR TENANT PRESENTLY HAVE RENTERS INSURANCE? YES OR NO
- ARE YOU INSPECTION THE HOME AT LEAST ONCE A YEAR? YES OR NO
- ARE YOU BUDGETING ONES MONTHS RENT FOR MAINTENANCE , REPAIRS AND FUTURE REHAB? YES OR NO
- ARE YOU FAMILIAR WITH YOUR CITYS RENTAL ORDINANCE , FAIR HOUSING LAWS AND RENT CONTROL? YES OR NO
- IF YOU SCORE 8-10 CONGRATULATIONS IF YOU SCORE LOWER THAN A 7 THEN A PROPERTY MANAGER MAY BE THE BEST OPTION FOR YOU.



**PROPERTY MANAGEMENT
SERVICES
THE REAL ESTATE CONNECTION**

- NEED SOME PROFESSIONAL ASSISTANCE ALWAYS FEEL FREE TO ALL 866.614.6258 OR EMAIL TRECONLINE@GMAIL.COM



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Author Willie A Gallegos

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5 Easy Steps to Invest in Real Estate



10 MOST COMMON LAWSUITS AGAINST LANDLORDS

1. Improper Tenant Screenings
2. Improper Denying of Applicant
3. Improper Handling of Service/Comfort Animals
4. Improper Handling of Smoke and CO Alarms (Must Include Addendum)
5. Improper Handling of Bedbugs (Must Include Addendum)
6. Improper handling of mold issue (Must Include Addendum)
7. Improper Service of Rent Increase (Must follow RRIDRO Requirements)
8. Improper Entry Into Homes
9. Improper Move-Out Procedure
10. Improper Deposit Return

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HOURS
Monday-Friday
9AM - 6PM