



[www.RentWithClassic.com](http://www.RentWithClassic.com)

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# Serving Residential Property Owners Since 1993

**This Presentation will answer the following questions:**

- 1) Who is Classic Property Management?*
- 2) What are your fees?*
- 3) How do you find a tenant?*
- 4) How do you screen an applicant?*
- 5) How do you settle on leasing terms?*
- 6) What do you do after the tenant moves-in?*
- 7) How are repairs handled?*
- 8) What do you do if a tenant doesn't pay?*
- 9) What are my responsibilities?*

## Who is Classic Property Management?

Classic Property Management was started in 1993 when Dave McKean (Broker, Classic Real Estate, Inc.) had a client ask if he did property management. The first property was a 4-unit complex in Newhall, CA. Over the years, Classic has grown from 4 units to over 225 units under management (December 2008).

The most substantial growth took place in 2005 and 2006 when John Evarts was named the property manager. In November of 2006, John was named President and CEO of Classic Property Management.

The Classic Property Management team has grown noticeably in the past two years. The team currently consists of:

John Evarts - President, CEO

Andrew Powell - Leasing

Debbie McKean - Service Request Supervisor, Secretary

Jon Mitchell - Listing Agent, Santa Clarita

We anticipate that the team will continue to grow in 2009 and beyond as we set our sights on strategic expansion. We will continue to update our website as we expand.

If you need property management in an area other than the Santa Clarita area or Antelope Valley, please call John. He will be glad to refer you to a quality manager in most areas of the country. Classic Property Management is a member of the *National Association of Residential Property Managers* whereby we receive ongoing, up-to-date training as well as have access to a network of property managers around the country.

# **Services and Fees**

Classic currently offers 4 services to owners of residential investment property. This allows you to choose from the services to find the right one for your situation.

## **Applicant Screening**

If you are going to manage the property yourself and go find the tenants, this may be the service for you. Simply present us with a completed application, which can be printed from our website, and we will pull credit, run statewide eviction history checks, contact current and past employment and contact current and past landlords. Normal turn-around is 2 business days.

## **Applicant Screening Plus**

This service includes the applicant screening plus we will have the tenants come into our office and sign a lease, copy the driver's licenses, collect the holding deposit, etc... We use a customized lease exclusive to Classic Property Management that is much more complete than an office superstore lease or real estate association lease.

## **Leasing Service**

This service includes advertising the property, receiving all correspondence from potential tenants, showing the property to potential tenants, accepting and screening the applications, signing the lease and collecting holding deposits and initial rent payment, and performing the move-in. The day we move the tenant into the property, our agreement is fulfilled and we provide you with the monies collected, less our fee, and provide you with copies of the application and lease.

## **Full-Service Management**

The service includes everything in the leasing service plus we will manage the property on a day-to-day basis. We will collect rents, handle repairs, chase down late rents/bad checks, pay bills, assist in evictions, represent you in court, perform re-leasing, rent increases, serve notices, etc... This is a very comprehensive service that allows you to focus on the other areas of your life that you may determine are more important. The rest of this presentation will answer many of your questions about this service.

## **How do you find a tenant?**

(Leasing Only and Full-Service Management)

As the rental market changes it becomes increasingly important to locate qualified tenants for your rental property affordably and effectively. We are dedicated to finding the best tenants in the shortest period of time. To accomplish this goal, we have structured our advertising around our website.

Our website is the heart and soul of our advertising. We currently receive an average of 4,800 hits a month. Of those hits, 2,500 are unique hits, and well over 1,000 are first time visitors. We drive business to our website by advertising on other websites (craigslist, Westside rentals, etc...) and by placing ads in local newspapers. We currently run a full-time ad in the Signal Newspaper, and occasional ads in the SCV Free Classifieds.

Another effective form of advertising is signage. We place a yard sign at the property and “for rent” signs at nearby intersections in an effort to catch passing traffic. These signs target people who live in the neighborhood and may be looking to move.

Another steady stream of qualified tenant leads comes from referrals. We take very good care of your customers, the tenants, and word about our service spreads. We get referrals from current tenants, past tenants, local networking groups, and from hundreds of Realtors™ in the area.

We also maintain an up-to-date list of people who have inquired about renting a property and did not have success finding the right property from our inventory. When we get a new listing, we call any people from this list that may be interested in viewing the new property. We also contact any current tenants who are nearing the end of their leases and may be looking for a new home.

## **How do you screen an applicant?**

(All 4 services)

This is the second most-asked question by owners. (The most-asked is “What do you do if a tenant doesn’t pay?”) This is where Classic puts in the most time and effort. The reason is clear: If we do a good job screening a tenant, we get a higher-quality, long-term tenant, the vacancy rate is much lower, the work-load is much lower, and the eviction rates are much lower. All of these things equate to your costs being lower. Everyone benefits when we do a great job screening tenants. With a good tenant, you are more likely to get your rent on-time and have your property well taken care of. Classic can then do a much smoother job in servicing the needs of our owners and tenants. It’s a win-win situation!

Here is a snapshot of our screening process:

- 1) The screening begins the first time they call. Before we show your property to a prospective tenant, they have already been “pre-screened”. We ask questions to find out why they are looking for a rental, where are they moving from, what their needs are, credit scores, gross income, etc...
- 2) Once the tenant has found a property that they would like to rent, they submit an application. This is a custom application designed by Classic which has specific questions designed to abide by all applicable state and federal laws, yet still allows us to obtain needed information to determine if the tenant is qualified.
- 3) After receiving the application, Classic goes through the following checklist:
  - Pull credit from TransUnion, including score.
  - Pull statewide eviction history from the state where they currently reside.
  - Contact current employer.
  - Contact previous employer if time-on-job is less than one year.
  - Contact current landlord.
  - Contact previous landlord.
  - Contact personal references.
  - Verify income and assets.
- 4) At this point, we will have a good picture of the tenant’s qualifications.

Based on the above information, Classic Property Management will make a decision regarding whether the application is approved or not. The following criteria must be met in order for us to accept an application:

1. **Minimum Credit Score** – Applicants with combined gross income meeting the income requirements must all have a minimum credit score of 525 with TransUnion. (No credit is considered a 0 score).
2. **Income** – Applicants must have a combined gross income of 3 times the monthly rent for properties renting for less than \$3000 per month, for properties renting for more than \$3000 per month, the monthly gross income must be at least 2 ½ times the rent amount.
3. **History** - Applicants must all have at least 2 years rental history (which can include living with family or renting a room) with no more than one 3-day notice being served during the 2-year period and be reported by previous landlord(s) to have “taken good care of the property”.
4. Applicants must not have an outstanding balance with a previous landlord.
5. Applicants must not have a rental eviction on their record.
6. Classic must be able to verify the applicant’s income.
7. Maximum number of occupants is 2 for every bedroom.
8. Security deposits will be determined as follows:
  - If the highest credit score on the application is 525-580, the security deposit will be equal to 2 months rent.
  - If the highest credit score on the application is 581-649, the security deposit will be equal to 1 ½ months rent.
  - If the highest credit score on the application is 650 or higher, the security deposit will be equal to 1 months rent.
9. If pet(s) are approved, the rent will be increased by \$25 per pet per month.

If the applicants have pets, offer less than the asking price in rent, or ask for a lease length different than one year, you will be contacted for approval prior to signing a lease.

## **How do you settle on Leasing Terms?**

(Leasing only and Full-Service Management)

When you are leasing out your home, everything is negotiable. Most prospective tenants know this, and will want to negotiate for favorable terms.

Leasing terms are dictated by the owner. Classic does not negotiate any of the terms without the approval of the owner. However, we will present any offers to the owner. The owner may choose to accept, reject, or counter any offer. We will gladly give our recommendations, but you make the final decision.

At outset, we will recommend a list price, based on current market conditions.

We also recommend 1 year leases; however, we will certainly execute shorter or longer term leases. If you would like to find out the benefits and disadvantages of shorter or longer term leases, please call.

Below is a list of common items that prospective tenants will want to negotiate:

- 1) Price
- 2) Length of Lease
- 4) Rent Increases
- 5) Pets
- 6) Painting (they will often ask to paint the interior at their cost)
- 7) Utilities
- 8) Gardener
- 9) Pool Service
- 10) Appliances

Although this list is obviously not inclusive, it can help to give you an idea of what types of things will come up in the negotiating process. We will try to establish the terms with you at the beginning; however, most properties will rent under different terms than listed.

# **What do you do after the tenant moves in?**

(Full-Service Management)

If you choose full-service management, we will take care of the day-to-day management of the property. Below is a list of common issues that we handle on a regular basis:

- Collect rent
- Collect late rent
- Collect on bad checks
- Serve late notices
- Serve 3-day notices
- Serve noise notices
- Serve HOA violation notices
- Arrange for repairs
- Pay bills from rent proceeds
- Increase rent
- Renew lease
- Re-lease property
- Perform move-in inspections
- Perform move-out inspections
- Assist in evictions

These are just some of the things that will need to be handled when you have a tenant in your property. This may help you decide whether to choose the lease only or the full-service management.

We have clients all over the country, and many clients in different countries, who rely on us to manage their property while they are not in the area. It is a great way to build wealth through residential real estate while minimizing the headaches that keep most people out of the real estate market.

## **How are repairs handled?**

This is one of the most important questions you can ask a potential property manager. The reason it is so important is that you need to know if your property manager is making a profit when repairs are performed on your property.

We do not have our own maintenance company or division and, with few exceptions, do not make a profit when repairs are performed on your property. The instances where we may make a profit are clearly outlined in the management agreement.

Normally, we simply contract the job out to one of the vendors in our preferred vendor list. These are vendors we use on a regular basis and we feel give us the fairest prices, the highest quality of work, and highest level of integrity. However, if you have a vendor that you would prefer do the work, please let us know and we will be glad to arrange with them to do the required work.

When a request for repairs is submitted by the tenant, we will make a determination as to the validity and necessity of the request. If we feel the request is unnecessary or is going to cost more than \$250.00, we will contact you prior to performing any work (except in cases of emergency).

In the case of a repair over \$250.00, we will contact you with the pricing and arrange for payment. We may also request multiple bids for the job.

## **What do you do if the tenant doesn't pay?**

If the tenant does not pay on time (with our company, rent is due on the first, late if received after 5:00 p.m. on the third), we will call them on the evening of the 3<sup>rd</sup> or the morning of the 4th and try to find out what is going on. If we cannot get a hold of them, we will drive to the property and serve a late notice.

If we do not receive any response to the late notice by the 5th, we will serve a 3-day notice to pay or quit and then contact you to discuss the situation and try to set a plan of action.

Of course, this would depend on the situation, the tenant's payment history, etc....

If we get into an eviction situation, we will coordinate with the attorney hired to do the eviction and see it through to the end.

**WE NOW OFFER AN OPTIONAL EVICTION PROTECTION PROGRAM! FOR JUST \$9.95 PER MONTH, CLASSIC WILL PAY UP TO \$1000.00 IN ATTORNEY FEES SHOULD AN EVICTION BECOME NECESSARY (THE TYPICAL EVICTION COSTS \$625 - \$925).**

## **What are my (the owner's) responsibilities?**

Your responsibility as an owner is to deal with our company and your tenants fairly, ethically, and honestly. We ask that you approve any needed repairs and be prompt in paying for them. We ask that you abide by the terms and conditions of the lease. We ask that you be aware that when turnover occurs, there are usually some items that will need to be replaced or repaired at your expense in order to get the property re-rented. We ask that you give us feedback, good or bad, that we can use to become better at serving you. Below you will find a list of "big ticket" items that you may want to prepare for. These are items that will need replaced, at some point in the future:

- 1) Roof
- 2) Plumbing
- 3) A/C & Heating
- 4) Water Heater

*Thank you!*

We appreciate you taking the time to read about our company and services. Please call if you any questions!