



**OlsonProperty**  
SERVICES

# WHAT TO EXPECT FROM A GREAT PROPERTY MANAGER



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## Introduction

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As a real estate investor, you are familiar with the concept of *project management*. Whether you work with contractors, syndications, or rental properties, you know that there is an entire team necessary in order to fix houses, make repairs and renovations, implement various maintenance practices, and, in the case of rentals, *collect the rents*.

For most passive investors, time is better spend generating active income in their chosen profession and working with a property management company to handle passive real estate investments. Unfortunately, most real estate investors have a love-hate relationship with their property management companies. This is largely because the relationship is founded on a very thin foundation. Usually an investor is essentially flying blind when they first hire a property management company. They may have a referral from a friend, but they very seldom have a personal relationship with the company or personal experience with the individuals they have hired to oversee their livelihood or the support system behind their passive income.

**It is an unnerving place to be. I can tell you this from experience.**

As the owner of many rental properties myself, I ultimately got so frustrated with other property management companies not providing me with the kind of accountability and transparency that I needed that I started my own property management group, Olson Property Services, which is part of The Olson Group of real estate companies. That experience was an eye-opener because I soon found that although my property management company was doing the things that I required for *my* peace of mind, we experienced the same combative behaviors from our clients that I had often felt, myself, when I was working with other property managers.

I wondered what in the world was going on. After all, I had literally implemented every single thing that had been missing in the services provided by other property management companies. What was going on with my new clients? What was their *problem*?

Well, it turned out that they had a legitimate issue because I had overlooked the thing that creates so much tension between real estate investors and their property management companies: communication.

**When there is no shared experience or established personal trust, your relationship will rely on effective communication.**

That means that there are certain things that real estate investors must do in order to effectively communicate with their property management companies and begin to build that relationship. There are also certain things that property management companies should provide to real estate investors beyond reporting, budget notes, and, of course, reliable rent collections and maintenance practices.

You are entitled to your property management company's dedication to building a trusting relationship with you, but you are not entitled to expect them to do it alone. Similarly, your property management company is entitled to your dedication to communicating your preferences and needs regarding your real estate investments so that they can build a relationship with you, but they must reciprocate with certain voluntary actions.

In this guide, I have laid out with great detail and transparency exactly what I learned when I started my own property management company. I have left no stone unturned. I have left no mistake hidden from the light. If I erred as a real estate investor in the way I dealt with some of my former property managers (and I did) or as a property manager in the way I handled some of my existing clients (and I have), then I explain it all here, in detail, so that property managers and real estate investors can learn how to better work together for productive, lasting, trusting relationships.

At the end of the day, you and your property management company (if they are a good fit with you) have an important shared goal:

**You both want your rental properties to perform at optimal levels.**

Once you establish how to reach that goal, the only question you, as a real estate investor, will have to answer is whether or not the property management company in question *does* share this goal. If they do, they will have a tough job to do: They must make their customers (the residents) happy while also making the property owners (you, the landlord) happy at the same time. Sometimes, it can feel as if these goals are diametrically opposed, but a property manager who is truly dedicated to accomplishing this deserves a great deal of credit and praise. If you find a property manager both equipped and willing to take the steps necessary to achieve this, then you are likely to have found your “forever home” when it comes to property management, and that is a truly priceless asset to have.

*The Other Side of the Coin:* As a property owner, I often felt that I could manage my properties far, far better than my property manager. In my case, I started a property management company and proved I was right! However, I learned a lot in the process about how property management looks from “both sides” of the coin, and here is what I suggest when you are working with a property manager: **If your property manager is managing your properties at least 80 percent as well as you believe you could manage them (and there are property managers out there who will actually manage your properties hundreds of times *better* than you could), take some time to thank them occasionally!** Property management is often a thankless job because both parties involved (customer and owner) want conflicting things. It takes a special person to be a contact mediator between an owner and a resident.

## Top 3 Key Property Management Responsibilities: Rent & Tenants

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*Olson Property Services is equipped to handle the most important responsibilities of any landlord: collecting rents and keeping properties safe and performing for both tenants and property owners. This includes setting rents, collecting rents (on-time and delinquent), adjusting rents, physical management of your properties, performing routine and emergency maintenance, filling vacancies, marketing the property, screening tenants, handling the leasing process, dealing with move-outs, and handling evictions.*

Your property management company has three key responsibilities that take precedence over everything else: **managing rents**, **managing tenants**, and **filling vacancies**. In this section, we will deal with the “fine print” that many real estate investors fail to address when addressing how they would like these three responsibilities handled by a property management company. It is imperative that you and your property manager are on the same page about these three responsibilities if you wish to maintain a lasting, successful business relationship.

### Managing Rents

Collecting rent is a basic responsibility of any landlord. Therefore, it is one of the most common jobs a landlord will pass on to a property manager. A property manager's rent responsibilities could include:

- **Setting Rent**

The property manager should set the right rent level to attract tenants to your property. To determine the rent range, the property manager will look at the market where the property is located and analyze comparable properties in the area. They will also consider their experience in the area as well as the condition of the property compared to other comparable in the area. In addition to this market analysis, however, your property manager also should have a conversation with you that begins, “How much do we want to charge?” If your goal-rent fits the market and the property, then that is great! However, it may also be that making a fairly minor upgrade to a property (\$500-\$2,000) could enable you to raise rents between \$50 and \$200 more a month. This type of upgrade is often well worth the upfront expense, and your property manager should be able to

help you identify opportunities to make these types of improvements and subsequently improve your ROI.

- **Collecting Rent**

The property manager will set up a system for collecting rent from tenants. To ensure optimal cash flow they will set a date to collect rent each month and strictly enforce late fees. This means that when tenants make a payment, the funds should be applied to late fees first, then monthly rents.

- **Handling Late Rents**

When rent is not paid when due, it is the responsibility of the property manager to contact the tenant about the rent being late.

- **Handling Notices and Tracking Pre-Eviction Processes**

When rent is not turned in immediately after the property manager contacts the tenant regarding this, the property manager has a responsibility to place a 10-day notice on the property and take a picture as proof the notice was placed. At Olson Property Services, we upload these images to our proprietary software for full transparency.

- **Adjusting Rent**

The property manager may increase the rent each year, according to individual state and/or municipal law. They may also decrease the rent if they feel it is necessary. Whenever your property manager is adjusting rent, this is a great time to look at possible upgrades that could bring in a higher ROI.

**N.B.** It is not the responsibility of the property manager to pay the rent if the tenant does not pay. In fact, this can create serious legal complications and liability issues. Sometimes, there is confusion on this front if a real estate investor has purchased a turnkey rental property from a provider who includes property management and possibly “vacancy insurance” in the agreement. Review your rights as an investor and your property manager’s responsibilities as detailed in the terms of the agreement before signing. You may wish to have a real estate attorney review the document as well.



## Managing Tenants

Managing tenants is another core responsibility of a property manager. The property manager may be involved in finding and screening prospective tenants, managing daily complaints and maintenance issues and handing tenant move outs and evictions.

The details of managing tenants usually include:

- **Maintenance, Updating, and Renovation Recommendations**  
Property managers should understand what attracts tenants in their area, so they should make recommendations, when appropriate, about changes you could implement to make your property more attractive.
- **Screening Tenants**  
Your property management company should have a consistent screening process, including running credit checks, judgement reports, landlord reports, and criminal background checks. It is your property manager's responsibility to make sure screening practices meet Fair Housing Law requirements, but you should discuss this in advance to make sure that they are following an appropriate protocol.  
  
A good property manager should be able to explain their tenant-screening process in detail and tell you why it works. At the Olson Group, we have seen hundreds, even thousands, of tenants, and have a truly clear idea of how to select the right tenants: those who will pay their rent on time, have a longer tenancy, and create fewer problems. Good, locally appropriate tenant screenings decrease your chances of tenant turnover and delinquency.
- **Creating Leases**  
Experienced property management companies do not just know how to fill out a lease; they have attorney-approved leases on file. For example, Olson Property Services is located in Indiana. We keep an attorney-approved lease for the state of Indiana on file; we adjust and make corrections regularly as things change, and we have our attorney write and/or approve all changes and corrections before they are enacted.

- **Handling Leases**

It is not enough for most investors for a property manager to just get the lease signed. The lease requires a certain amount of “finesse” as well. This can include setting the lease term and making sure it has all the necessary clauses to protect the owner, including determining how much the security deposit should be.

- **Handling Complaints/Emergencies**

The property manager may deal with maintenance requests, noise complaints and handling emergency situations. Talk with them in advance to find out what they consider appropriate measures to deal with these issues and make sure you are on the same page.

- **Handling Move Outs**

When a tenant moves out, the manager is responsible for inspecting the unit, checking for damages and determining what portion of the security deposit will be returned to the tenant. This is another area where clear communication is important. A property manager must abide by the law when it comes to how the security deposit is handled, so make sure your property manager (and you) know what the parameters in your area.

#### **Olson Property Services Insight**

After move-out, we hold ourselves responsible for scheduling the cleaning of the unit, repairing any damages previous tenant made, making suggestions for improvements that should be made, and finding a new tenant. However, it is not the responsibility of the property manager to pay for any of this items; they will be billed back to the owner unless the tenant made these damages and the security deposit will cover them. This is an important communication point because some rental property owners believe their fees cover this type of maintenance and repair. You and your property manager *must* establish in advance where the funds will come from to pay for any repairs, renovations, or improvements that you make at the point of move-out.

- **Dealing with Evictions**

When a tenant does not pay rent or otherwise breaches the terms of a lease, the property manager should know and execute the proper and legal process for filing and enacting the eviction.

**N.B.** It is not the responsibility of the property manager to pay for the eviction, court costs, or attorney costs. At the Olson Group, when we handle an eviction there is a flat fee. When we hire an attorney, we charge the owner what the attorney and court charge us. This is another point where clarity is extremely important *before* your property manager has to handle an eviction for you.

## Filling Vacancies

One of the most important things your property management company will do for you over the course of your relationship will be to fill vacancies in your properties. The importance of a company's ability to fill vacancies **quickly** and with **qualified tenants** cannot be overstated. Every day that your rental is vacant is a day that your returns are in decline. Every month your rental remains vacant sends your ROI closer to a freefall situation. Talk with your property management company to establish realistic expectations on both sides of the equation when it comes to filling vacancies. You need to understand the effects of market conditions and your rental rates on the timeframe to fill the vacancy and your property manager needs to understand what types of adjustments you consider viable in order to bring the timeline as close to zero as possible.

Ask your property manager what types of strategies they use to fill vacancies and what types of tenants you can expect to see in your properties as a result of these strategies. For example, if the property management company utilizes established sources of tenants from a variety of local businesses, then your turnaround time may be extremely short and your renters may be happy to pay premium rates because you come recommended by trusted sources. On the other hand, if your property management company relies on employee word-of-mouth to fill vacancies (spoiler alert: this is probably not going to be adequate) then you may have a less predictable population of renters in your properties.

The details of filling vacancies usually include:

- **Finding tenants**

Property managers are responsible for filling vacancies. You should specify how you want the property manager to handle this process and make sure their existing process works for you prior to entering into an agreement

with the company. In general, the process of finding tenants should go something like this:

- The property manager will create a compelling ad
  - The property manager will market and advertise the property, using this ad, via social media platforms, offline marketing, online platforms like Craigslist or Zillow, the MLS, and others using marketing tools paid for *by the property management company* in order to provide this service.
  - The property manager will screen tenants and place the right tenant in your vacant property as quickly as possible.
- **Managing Listing Copy & Photos**  
The property manager will coordinate HD pictures to be taken and uploaded to the property management software employed by the property management company.

**N.B.** It is not the property manager's responsibility to pay for listing pictures even though it is their responsibility to coordinate the photography. In most cases, good listing images will run between \$100 and \$150 and should come with light editing.

**Olson Property Services Insight:**

Olson Group property managers employ multiple paid services to help us fill vacancies quickly. We post to several sites every time we have a vacancy to fill or a new home to rent in order to expedite the process of filling it. We do not charge clients directly for use of the marketing tools because a) these tools are a necessary part of our business b) it would be confusing for clients to try and track which part of the marketing process led to a new tenant. Instead, we simply consider these tools and their cost to be part of the service we provide and absorb those costs accordingly in order to meet that end goal of keeping client rentals performing at optimal levels.