

PROPERTY MANAGEMENT: Basic Policies and Procedures

Why would you want to manage rental property? It is a very different business than sales and uses different talents and skills. In real estate sales, you will contract with a client for a couple or few months and when the sale has been consummated; your contractual relationship is over. With each sale there is a large piece of income all at once, but it can be very unpredictable.

With rental property management, your commitment to your client and your customers is a much longer term, usually multiple years. The income is not nearly as high, but it is very predictable. The following are the three best reasons to practice property management:

- _____
- _____
- _____

Property management is not all a bed of roses. The following are three reasons you may not want to get into property management:

- _____
- _____
- _____

Education

Education is imperative to make you a successful property manager. There are many opportunities to learn what you need to know. The following are some examples of courses and designations you may want to pursue, depending on the type of property management you would like to perform:

- ---

 - Certified Property Manager (CPM) designation
 - Accredited Residential Manager (ARM) designation
- ---

 - Residential Property Manager (RMP) designation
 - Master Property Manager (MPM) designation
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 - National Apartment Association Education Institute (NAAEI)
- ---
- Other professional Courses

Tennessee Real Estate Commission (TREC)

The Tennessee Real Estate Commission (TREC) was created with the 1973 Tennessee Real Estate Broker License Act (Tennessee Code Annotated Chapter 63, Chapter 13) for the purpose of protecting the consumer in real estate transactions. These transactions include leasing property. Therefore, the following are some things to keep in mind when beginning your property management business:

- You must have a real estate license. If you are going to manage rental property as a third party (where you are not the owner of the property) TREC requires that you comply with all licensing laws.
- Your broker must agree to allow you to do property management. If you are not the managing broker of your firm, your broker is responsible for all of your actions as a licensee. Therefore, you must bring your broker on board with your decisions.
- You (as well as your broker) will need a property management endorsement on your errors and omissions insurance. The insurance policy you may currently have is very limited and does not include property management activities.

Law

There are many laws that you must comply with in any real estate transaction. For a sales agent, many of these will sound very familiar. However, compliance in many laws is very different from a sales transaction. The following are some examples of laws you need to be familiar with:

- _____ The LTA was enacted in 1975 and applies to most of the urban counties in Tennessee. It spells out the procedures a landlord and tenant must comply with to do business.
- _____ You must be authorized to pull credit information and you have a responsibility to keep the information you received private. You are not even allowed to share this information with the owner of the property. You must keep all documentation for at least three years. In the event you turn an applicant down due to their credit information, you are required to give them a FCRA Adverse Action Letter.
- _____ As you probably know, you and your owner cannot discriminate against anyone in the seven protected classes. Those are race, sex, color, disability, religion, national origin, and familial status. If you are a member of the National Association of Realtors (NAR) sexual orientation and gender identity are other protected class under NAR's Code of Ethics. FFHA compliance is very different in property management than sales.
- _____ Just as in sales, you must use the EPA lead based paint disclosures when renting properties built prior to 1978. You must also give them the EPA lead based pamphlet and they must initial the disclosure form. Property managers must also comply with the EPA Renovate Right rule requiring certified contractors to perform much of the maintenance on homes built prior to 1979.
- _____ With the ADA, you are required to allow for reasonable modifications to a home for people with disabilities.
- _____ This will require a property manager/landlord to allow a service member to break their lease with written orders for the service member to permanently change station. You are not allowed to penalize the service member for breaking a lease under these circumstances.
- _____ Know what the disclosure requirements are in your local jurisdiction in relation to registered sex offenders in the neighborhood around the home you will be renting.

Homeowners Associations

- Homeowners Associations (HOA) can be problematic. Many of them will not even allow a property to be rented in their neighborhood. Make sure you are familiar with all the rules of an HOA prior to accepting a management agreement in their area.
- When you register a rental home with an HOA include the contact information of the management company as well. You want them to be able to reach you if there is a situation at the property.

- You must define who is responsible for paying the HOA expenses. These expenses will include monthly/quarterly/annual dues as well as penalty fees for not following the rules. Have this defined in your lease.

Accounting

- A property manager must have a good understanding of accounting. At the very minimum you will need the following two trust accounts.
 - _____ This account will be used for the day to day expenses and income for the rental properties. You must be able to account for all the income, maintenance expenses, management fees, etc. You will pay your vendors, your firm and your owners from this account as well.
 - _____ The LTA requires that if you hold a deposit for any reason with regard to a rental home, you must have an account specifically designated for security deposits. The funds actually belong to the tenant, but are held by you. You are required to refund all of the security deposit to the tenant provided they have honored the lease and left the property in the condition they received it, minus normal wear and tear.

Maintenance

- Maintenance is a necessary part of the property management business. Because of this it is imperative that you establish relationships with various vendors that you can rely on when you need them. Key vendors would include:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
- Some maintenance is required by law. The LTA requires a landlord to maintain a habitable residence, comply with local building codes and provide _____. Good customer service will have you providing more maintenance than what you are legally required to do.
- The tenant is also required to maintain some aspects of the home. They are required to keep the home neat and clean and comply with building codes as well.
- There are different ways to structure your maintenance procedures. Some will only hire sub-contractors while others prefer to hire employees. Check with your legal expert and tax advisor before deciding how to proceed.

- Eventually all of us will experience turnover. This is when one tenant moves out and we have to make the property ready for the next tenant. This will generally include minor drywall repair, touch up painting, and cleaning. However, it can be much more extensive and you must be prepared for that.

Building Codes and safety

- Your local building codes department can guide you as to what safety items you must have in a property. Most all of them will require smoke detectors, but they will differ on how many you need and where they will need to be placed. Below are some other items your building codes department may require (and even if they don't they may be a good idea for you to include in your rental properties):
 - Carbon Monoxide Detectors
 - Fire Extinguishers
 - Dead Bolt Locks
- Furthermore, you will need to educate your tenants on the use and maintenance of the various safety items in the property.

Employees and Sub-Contractors

- Depending on the size of your operation, you may need to hire employees. Check with your legal advisor and your tax expert to determine if you need to classify them as employees. If you choose to have employees the following are items you will need to consider:
 - Employee Handbook: This will establish your expectations of the various employees in each position. It may include a job description, disciplinary actions, and terminating procedures.
 - Compensation: You will need to decide if the position should be salaried or hourly. You can also include commission income as well.
 - Federal Insurance Contributions Act (FICA) and other withholdings: You may be required to withhold a percentage of the employee's income for federal taxes and insurance.
- The positions you may need to fill are as follows:
 - _____ This person will organize the office making sure everything is running the way it should be.
 - _____ This person will answer the phones and greet visitors and direct them where they need to go.
 - _____ The bookkeeper ensures that all the accounts are in order.

- _____ This person oversees all the maintenance request and “make ready” procedures and ensures they all get accomplished timely.
- _____ This person will be responsible for showing properties and leasing the units.
- _____ This person will be the one responsible for a group of units and/or owners.
- If you choose to use sub-contractors in your business, make sure you are following the guidelines set out by the Internal Revenue Service (IRS). Many of the requirements may make it impossible to classify someone that works for you as a sub-contractor. The following are people you may need that could easily be a sub-contractor:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____

Management Contracts

- Just like any other contract, there are certain items that must be included for it to be a legally binding contract such as the parties, terms and compensation. Let’s look at many of the items you may want in your management agreement.
 - _____ The parties will most likely be your firm and the owners of the property. Make sure you know who the owners really are.
 - _____ This will be a period of time for the contract to be in force. It could be a matter of weeks or years depending on what you negotiate with your client.
 - _____ Include what fees you charge. The following are some examples of fees you may be able to negotiate:
 - Percentage of income
 - Flat rate per week/month/year
 - Leasing fee
 - Renewal fee
 - Maintenance fee

- _____ Define what bills you will pay on behalf of the owner and what they will be required to pay. Be sure to include what proceeds the invoices will be paid from (The property manager's ledger or the owner's ledger).
- _____ It is important to include an indemnification clause in your management contract. This will require the owner to indemnify you (pay your legal fees) in the event there is a liability suit against you with regard to that owners property. Many times this can be provided by having the owner to include you as an "other insured" on their insurance policy.
- _____ You also want to the owner to "hold you harmless" for damages that may occur to the property, assuming you did not do the damage.
- _____ This will give your firm the authority to sign a lease with the tenant.
- _____ This will authorize you to turn on or off the utilities as needed.

Leases

- A lease is a contract as well. There are certain things that you must have to make them binding, just like any other contract. The following are items you may want in your lease:
 - _____ This will be the time the lease will be in force. It could be as small as a week and as long as many years. The LTA does require there to be a term in your lease.
 - _____ The amount of the rent is imperative to be on the lease. Compensation is required for it to be a valid contract. The LTA requires the rent amount to be on the lease as well.
 - _____ This establishes when each period payment is due and what happens if it is not paid by then. The LTA requires that you allow at least a five day grace period before you enforce any penalties for late payment.
 - _____ In this paragraph the tenants can waive their right to a two week notice to move in the event of nonpayment of rent. If you choose to use this it must be in the lease in _____
 - _____ This can be a large portion of the lease. It will define who is responsible for what, such as mowing the lawn and taking the trash away.
 - _____ This may be several paragraphs that will include what your expectations are of the tenant and what they can expect from you.
 - _____ This will define who is responsible for the utilities such as gas, water and electricity.

- There may be other documentation that is not actually part of the lease but may be required or needed addendums. The following are some examples:
 - _____ This will establish who is allowed to live in a property that may not otherwise on the lease.
 - _____ You may want to disclose any issues you may have had with mold.
 - _____ If the property was constructed prior to 1978 you will need to provide the federal lead based paint pamphlet and have a disclosure signed, initialed and dated.
 - _____ This can authorize you to inspect the property as needed.
 - _____ This will inform the tenants that you do not have any insurance on the property to cover them or their belongings. The LTA requires that this be in the lease.
 - _____ This provides for the tenant to notate any negative condition issues with the property prior to moving in. This can prevent them from being responsible for prior damage when they move.
 - _____ This will give them instruction on use and maintenance on any safety items in the property such as smoke detectors, carbon monoxide detectors and fire extinguishers.

Risk Management

- Property management is the most litigious part of the real estate business according to the National Association of Realtors (NAR). Therefore, it is imperative that you manage your risk. The following are a few ways to mitigate risk:
 - Insurance. You can insure yourself against just about anything. You will need to evaluate what risk you can stand on your own and what you would like an insurance company to help you with if you have an incident. Below are a few examples of insurance you may want to consider:
 - _____ General liability insurance can help when you accidentally cause injury to another person or property. This is very important if you are also running a maintenance company.
 - _____ This insurance should cover you in the event you have someone hurt on the job. Workman's compensation insurances are required in Tennessee if you are working in the construction industry. Many have interpreted that to include property management because of the maintenance we order on rental homes.

- _____ This insurance should cover you if you make an error as a licensee. It is very limited as to its coverage, but is required by the State of Tennessee for each real estate licensee. If you are performing property management, you should also have a property management endorsement on your E&O Insurance.
- _____ Have your firm added as an additional insured onto the owner's insurance policy. This should cover you in the event of a liability claim at the property.
- Policy Manual. Put together a Company Policy Manual (CPM). A CPM will be a very long document outlining all of your policy and procedures within your company. It helps you to ensure all of your paperwork is correct and can help protect you in a liability suit, but only if you actually follow the policies and procedures. The following are some examples of what should be included in the CPM:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
- Company Structure. Your corporate structure can help mitigate liability as well. You may want to practice as a sole proprietor, corporation, partnership or a limited liability company (LLC). There are many pros and cons to each. Be sure to discuss how you should structure with your legal and tax advisors.

Managing Funds

- When managing funds, the first thing you need to do is decide on a software program to use. There are dozens of ways to do this. Many start off simply using spread sheets and maybe a simple accounting program like Quicken. You will soon find that this cannot last long with any amount of growth. There are literally dozens of software programs for the professional property manager. Below are examples of a few:
 - Propertyware
 - Promas
 - Appfolio
 - Buildminum

- Your software should help you with your collections. You will receive more than just rent. You should also collect late fees, NSF fees, pet fees, security deposits, etc. You will need to identify where each needs to go and distribute it.
- Ultimately, the property manager only gets to keep a small portion of the amount of funds collected. You will need to distribute monies where they need to go in a timely fashion. This may be to the vendors, owners, tenants or whoever else needs to get paid. You can either pay them by check or electronically. Most of the professional software companies can help you with the electronic payments or you can discuss this directly with your bank.
- You must maintain regular communications with your clients. This should include regularly scheduled statements identifying where every bit of income and expense went from their rental property. Typically a property manager will send statements monthly and another one at the end of the year showing their totals for the previous year.
- A wise man once told me to be successful in business you had to always keep one eye on the cash register. It is important to know where all the money is going and to fully reconcile each account on a regular basis.
- Advises the owners regarding simple budget items they will need to expect. This will help keep them from being surprised when something comes up. Many think to themselves that as long as they can cover the payment they will be OK, but you know better. Below are a few items they need to be prepared for in their budget:
 - _____ The payment will include all the principal and interest.
 - _____ Taxes include all the property taxes and any other taxes they may have to be responsible for such as the franchise and excise tax.
 - _____ On a single family home they will most likely have a dwelling fire insurance policy. They may have other insurance to cover as well such as an umbrella policy.
 - _____ The property manager should be compensated for his or her work.
 - _____ Maintenance is frequently under budgeted. The amount to budget will depend on the condition of the property, age of the home and other economic factors.
 - _____ Vacancy is often overlooked. If you keep a rental home long enough, you will have turnover so you must plan for it.
 - _____ This one is almost never included in a budget. Most likely, if your screening process is good, you will not have to worry about collection loss, but you need to be prepared for it just in case.

Marketing for Tenants

- There are lots of outlets to market for tenants. Below are a few ideas for you to consider:
 - Signs: Some of your best inquiries will come from your signs. The prospect usually already has an idea it is in their price range and they already know the location and area.
 - Internet: NAR states that 87 percent of people looking for their next home start their search on the internet. It is imperative that you find a way to have your properties online. Below are a few ideas:
 - Design your own website.
 - Advertise on the various pay sites such as:
 - Rentals.com
 - Rentbits.com
 - Rentalhouses.com
 - Use a syndication service such as:
 - RentalHomePros.com
 - Postlets.com
 - Post properties yourself on free sites such as:
 - Craigslist.com
 - Hotpads.com
 - Rentlizzard.com
 - Print Media: The newspaper and magazines can be useful especially when marketing to the lower socio economic classes who are less likely to have access to the internet.
 - Referral: Make sure your tenants are happy with your service because they can be your best source of leads.
 - Realtors: Let the Realtor community know that you rent homes. Do this by being involved with the local Realtors Association and placing your properties on the multiple listing service. Be sure to offer a reasonable leasing fee with your MLS placement.

Growing your Company

- There are a lot of ways to grow your company. A lot of this involves marketing and advertising. Below are a few outlets to advertise your services:
 - _____ Make sure it is a quality interactive site. Cheap sites imply cheap service. Your web site will be your first introduction to possible clients many times.

- _____ You can purchase words or phrases directly from Google and other search engines. In the event someone searches one of your phrases, your website will be one of the first ones that come up on the list.
- _____ Newspaper and magazine ads can be helpful especially when marketing to people who do not like the internet.
- _____ This is one of the best ways to become known in a community. Have all your maintenance vehicles lettered with your name and website. If you sub-contract your work out, negotiate a deal with your handy man service to letter his or her truck.
- _____ Sending letters and postcards to absentee owners on a regular basis can generate leads as well. If you are willing to work with “reluctant” landlords, direct mail to expired listings can be beneficial as well.
- Another way to grow your business is by _____ from another agent or firm. Many times other companies are ready to shed their property management and will be willing to sell them to another agent.
- Soliciting Realtors can be one of your best sources of leads. Most Realtors really don’t want to do property management so get involved in the local Realtors Association and let other Realtors know that you will be happy to help them. Ensure them that when the client is ready to sell you will refer the business back to them.

Screening Applicants

- There are many screening companies on the internet that can let you know if a tenant qualifies based on the parameters that you give them. You will receive a simple “yes” or “no” from them.
- To improve your screening process, become FCRA compliant. This will allow you to pull the credit reports yourself. You can see the details of the report, not just the score. You can get information such as address history, utility bill payment history, etc. This is the information you really want to know.
- You may want to perform a criminal search on your prospect. This will let you know the history of the applicant from law enforcement.
- The legal search is one of the most important checks you can make. This will let you know if they have an eviction on their record and what kind of judgments they have against them. Many landlords do not report to the credit bureau but they will file judgments frequently.
- Beyond the computer checks you can also get landlord references. Identify their address history, find out who owns/manages the property and contact them. Previous landlord

references are much better than current landlord references. With current landlords you may become a victim of “passing the trash”.

- One of the best screening items you can do is the drive by inspection. A simple drive by inspection of their current residence will expose a slob if your applicant is one. If they are a slob now, they will probably be a slob in your property.
- One critical item is to make sure you comply with the Federal Fair Housing Act. You must screen each applicant the same way. Set up procedures in writing that will show what can turn an application down. Most owners do not have an understanding of the Federal Fair Housing Act so I don't recommend you letting them decide if a tenant is qualified or not.

Showing the Property

- Showing scattered site properties to prospective tenants can be problematic. Unlike an apartment complex, the units can be spread over an area hundreds of miles wide. There are basically three procedures for allowing applicants to view the interior of properties:
 - _____ If you have agent escorted showings you must be concerned about the safety of the employee/contractor you have hired (or yourself) to show them. Unlike sales, many rental properties are in less than desirable neighborhoods. Make sure each showing agent informs someone what home they are showing, what route they are taking and when they should be done. Then have them contact the same person when they are done.
 - _____ You never really know who an applicant is so giving a stranger a key comes with problems. If this is your procedure have the prospect present legal identification to you and make a copy of it. Also have them put up a small deposit (but not too small) to encourage them to bring the key back.
 - _____ Similar to the previous procedure, the risk comes in giving access to a property to a stranger. Have them take a photograph of their identification and send it to you to help mitigate the risk.
- If you are giving out keys either by office pick up or lock box code there is a risk of damage or squatters in the property. Make sure you make frequent trips to the property to ensure there has not been any damage. If you don't change the locks on all turnovers, you should seriously consider this if you have given unescorted access to the keys.

Move ins

- Now you have found the perfect tenant to move into one of your properties. There are several steps that need to be covered before you ultimately give them possession.

- _____ As we have already discussed, the lease is the contract between you and the tenant. Make sure all the necessary initials and signatures are in place. Double check to make sure the amounts, dates and terms are correct.
- _____ You want to make sure you can contact the tenant when needed. If you have already collected this information on their application then this step is already completed. If not, have them fill out a form telling you their vital information. Include their phone number (home, work and cell phone), email addresses, vehicles, children's names, and emergency contact information.
- _____ There can be many disclosures you may need to complete. This can include anything from Lead Based Paint to Megan's Law, depending on the home and area. Make sure they are all done before turning over the keys.
- _____ Have the tenants sign off on what appliances are in the unit as well as the condition of it. This would also be the form you would list small items like garage door remote controls or the amount of fuel left in a propane tank.
- _____ This is the opportunity for the new resident to identify damage to the property prior to occupying the home. This will prevent them from being responsible for damage they did not do to the property.
- _____ Follow your firm's procedures when collecting monies from the tenants. I suggest, at the very least, collect all the first month's rent, security deposit and any other pre move in fees, in certified funds, prior to giving possession of the property.
- _____ Finally, once all the other steps have been completed, distribute the keys with the new tenant. Offer them enough to accommodate their family.

Tenant Policies

- Many tenant's rights and obligations will be spelled out in the lease. Others may be outlined in a "Resident Policies Manual". The following are some items that you may want to make sure are covered:
 - _____ The LTA requires landlords to give at least a five (5) day grace period after the rent is due prior to charging late fees. Furthermore, landlords are not allowed to charge any more than ten (10) percent of what is owed. Spell out what your policies are for your tenants so there is no room for debate later.
 - _____ The tenant should be informed if you allow pets on the property and if so, what pets you allow. Make it very clear what the pet

fee/deposit is and what it is to be used for. They should also know what the penalties are for “sneaking” in a pet (pet smuggling).

- _____ Identify who is allowed to live in the unit and explain the penalties for violating this policy.
- _____ Many communications between you and the tenant are required by the LTA to be in writing. However, even if the LTA doesn’t require it, I recommend most all of your communications be in writing. This helps prevent miscommunications in the future. Furthermore, you need to define what method of written notice is authorized. The following are some common methods of notifying each other in writing:
 - Hand delivered notice.
 - U.S. Postal Service delivery. There are different ways to deliver mail as well such as:
 - First class
 - Certified mail
 - Certificate of mailing
 - Electronic mail. As of October 2011, the LTA does recognize electronic mail as an official means of notification under certain situations as long as the tenant opts in and offers an email address in the lease.
- _____ In the event of an emergency, the tenant needs to know what to do. In most cases government emergency services would be an initial call (911). Establish what an emergency is and what procedure the tenant needs to follow. There may be different procedures for different emergencies. For example:
 - Fire: Dial 911 and report it, get yourself to safety, notify the property manager
 - Flood: Call the emergency contact number for the property manager.
 - Blood: Dial 911 and report the problem, if necessary, notify the emergency contact of the property manager.
- _____ The tenant needs to know the procedures for reporting maintenance request. Do they call in, email, submit it in writing, through your website, etc. Furthermore, they need to know what kind of maintenance is their responsibility and what they can expect you to take care of.
- _____ You have the right to inspect the property with a reasonable notice and a reasonable time period. Outline the procedures and frequency of the inspections you plan to perform.

Move Outs

- Just as with move ins, there are many different steps to take when a tenant vacates a property. Furthermore, there are different ways that a tenant can leave, voluntarily with notice, voluntarily without notice and involuntarily. The following are some steps you may want to include when a tenant voluntarily vacates with proper notice.
 - Schedule a mutual inspection with the tenant
 - Walk through the property notating any damage or items that need to be addressed by your administrative staff or maintenance. Take your report back to your office and compare it to the condition check sheet and tenant walk through when the lease began. Note any damage caused by the resident.
 - Collect all keys and other accessories that are portable that should remain with the property. For example:
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
 - _____
- If the tenant vacated the property without written notice (abandonment) you may want to follow these steps:
 - Perform a walk through survey of the unit. Note any damage or other items that need to be taken care of.
 - Compare your walk through report to the tenant’s reports prior to them moving in. Note any damage they may have caused.
 - Send a notice to the tenants to their last known address and/or email address.
- If you had to forcibly remove a tenant the procedures will be very similar to the abandonment procedure above:
 - Perform a walk through survey of the unit. Note any damage or other items that need to be taken care of.
 - Compare your walk through report to the tenant’s reports prior to them moving in. Note any damage they may have caused.
 - Send a notice to the tenants to their last known address and/or email address.
- For any vacancy, once all of the procedures are completed distribute the security deposit to where it needs to go.

Evictions

- For most of us, having to forcibly remove a tenant from their home is the worst case scenario in property management. It is an expensive, time consuming and all around

unpleasant process. However, unfortunately, sometimes it is part of our job. We must understand the process. The following are the common steps and outcomes in an eviction process. They may vary somewhat depending on what county or municipality you are working in and what judge you get.

- _____ Once you have made the decision to proceed with an eviction, the first thing to do is post the fourteen (14) day “pay and stay” notice. This notice will give the tenants the right to pay what they owe and avoid an eviction. This notice can be waived in your lease if you work in an LTA area.
- _____ If the tenants fail to pay after their “pay and stay” notice, you then can file a detainer warrant against them. Most likely the court is going to require that you hire an attorney to do this for you. The detainer warrant identifies the parties to the law suit and establishes a date to show up in court, which will be about ten days out, depending on the extent of the court docket and time of year.
- _____ This should be done by a professional process server. This gives the tenant official notice of their date in court. If you cannot find the tenant, the detainer warrant can be posted on the front door of the unit, however if the tenant does not show up for court you cannot receive a monetary judgment, only a judgment for possession.
- _____ When you (or your representative) appears in court, you should be granted a possession date (assuming you win the case). This date will usually be another ten days out.
- _____ After the period of time the judge gives the tenant to move expires, you can then pick up your writ of possession. This is the document that shows that you have the right to possession of the property.
- _____ From the time you schedule the appointment to the time you actually meet the deputy at the property will take about two weeks (and if it rains or snows your appointment may be rescheduled). The Sherriff’s deputies will escort you to the property. They will only be there to keep the peace, not to move any belongings. They will also collect any contraband or weapons you may find.
- _____ It is your responsibility to have the manpower to remove the tenant’s belongings from the property. You will take it to the edge of the lot/street and leave it there. You are not allowed to do anything with it for a period of time (usually 24 hours).
- _____ Make sure the locks are changed before you release the deputies. If you ask, they will also post a “No Trespassing by order of (your) County Sherriff” sign.

- If you were doing the math, it will take at least 55 days to go through the entire process. There are circumstances that can extend this time depending on what area you work in and how savvy the tenant is.

Owner Policies

- As with tenants, your owners need to understand your policies and procedures as well. Most of these will be included in your management agreement. The following are a few examples of policies you may want to include:
 - _____ When something is written there is much less room for misunderstanding. This will also help commit the owner (and you for that matter) to a course of action. Establish how to transmit the notices such as electronic or mail.
 - _____ You may want to point out that Tennessee requires a landlord to maintain a habitable residence and comply with all local building codes. If the owner does not allow you to maintain that you may wish to sever the relationship.
 - _____ TREC does not allow an owner to have a negative balance in their account. In their eyes, you are allowing the owner with the deficit balance use the other owner's money to make repairs on their house. You may want to establish a minimum balance for each owner's account.
 - _____ Establish a procedure to collect funds from the owner in the event you need to spend more money on their property than they have in their account with you.
 - _____ You may want to require the owner to offer some proof of ownership of the property, especially in divorce or partnership situations. Furthermore, have each owner sign off on how the funds should be disbursed.
 - _____ Many property managers require that owners add the firm as an "other insured" to their insurance policy. This helps the owner to indemnify you as well as gives you the right to consult with the insurance company in the event of calamity.
 - _____ Establish policies to do away with the items that tenants leave behind. Many of these items are deemed hazardous such as old tires, paint and batteries.

Owner Terminations

- Unfortunately, there are times where a relationship just doesn't work. It could be a conflict between the firm and the owner, the owner sold the property, or the owner lost the property in foreclosure. There must be procedures in place to sever a business relationship established well in advance of a controversy. The following is a good basic procedure for terminating a relationship with an owner after either the property owner or the property manager has delivered written notice:
 - Inform the tenants in writing: They will need to know:
 - The management change
 - Where to pay rent
 - Where their security deposit is being held and who is responsible for it
 - Then close out the owners account by:
 - Transferring any funds owed to the owner either to them or their agent
 - Transferring the security to the owner or their agent.

Collections

- The National Apartment Association says there is a six (6) percent collection rate post tenancy. It is critical that the property manager squeeze all the dollars out of a situation before letting the tenant go. When the end comes there are a couple of ways to continue fighting for the money owed to your firm.
 - Collections Agents: A collections agency will most likely charge you a percentage of what they collect. If your lease is drawn up correctly, that fee can be passed on to the tenant.
 - Judgments: With our legal system, you can still pursue a person in court that owes you money. If you can get a judgment against them it will remain on their record for many years.