

Lease Renewals and Turnover

Techniques to renew tenants

Structuring leases to incentivize renewal

Minimizing turnover time and expense.

Prior to your regular turnover season, observe the following:

- Start early
- Know your market
- Know your tenants
- Know yourself
- Perform a general inspection of the home
- Send out a letter of invitation to renew
- Identify which homes will be turning over
- Initiate marketing and turnover procedures

1. **Start early:**

Give yourself the benefit of time. If you have prepared and know what you are doing it is much easier to anticipate your customer's needs, wants and objections and easier to sell them on a new lease that suits both parties.

2. **Perform a general inspection of the home:**

See the attached example of email notice for an upcoming inspection.

3. **Know your market:**

Your tenant may be checking out the market either for rentals or with a view of purchasing a home. If you know what your tenant knows or is researching you will not be blindsided by their reaction when you ask them to sign for another year.

4. **Know your tenant:**

Review what you have learned about your tenant over the time they have been renting from you. What makes them feel good about renting from you?

What may be prompting them to consider moving?

Do you even still want to rent to them?

What concessions may be necessary to entice them to stay?

5. “Know thyself”:

Are you a bit timid when it comes to signing people up?

Do you procrastinate or skip doing things like inspections when necessary?

Are you a “pushover” who lets folks ignore the terms of their lease?

Don’t sugarcoat your self-assessment. Know your “areas of opportunity” to improve your Landlord skills and get off your behind and get it done! Remember: “a stitch in time saves nine”, “a dollar saved is a dollar earned” and “your Tenant likely will not care if you don’t care”!

Send out a letter of invitation for your tenant to renew their lease:

See the attached example of an offer for lease renewal.

- ✓ Offer an incentive for early renewal. (Consider allowing renewal periods of 1, 2 or 3 years.)
- ✓ Offer a period for renewal that offers less favorable pricing than the incentive period.
- ✓ Stipulate a date after which the rent will be changed to the prevailing market rent if they re-sign.
- ✓ Stipulate a date after which you do not offer to guarantee renewal. If somebody else wants to rent the home the Landlord will sign the other party up and serve an end of term notice to the current tenants inviting them to leave. (This should preferably be the same date after which renewals will be done at market rent.)
- ✓ If you find yourself 30 days out and you have not managed to get the Tenants to sign a new lease, consider an automatic rent increase. (Month-to-month fees should be levied on top of the new rent if they stay month to month.)
- ✓ Negotiate as necessary to secure the new lease. (Perhaps a small upgrade to the home – something that allows you to achieve the best rent for your home and enhance its value, rather than a discount.)

By this stage you have signed up the tenants who are willing to sign a new lease. You should be at least 45 days out from the expiration of any leases that are not being renewed. (60 days preferred.) Time is now on your side. Assume that those who have not renewed leases will soon be giving you notice of their intent to move.

1. Dust off your marketing materials.
2. Prepare a list of repair or maintenance items that should be taken care of prior to marketing a “soon to be turning over” home. (Make a decision whether these items should be done in advance of a tenant possibly moving or can be left to do at checkout.)
3. Check that you have working passwords for your online background checking service.

45 days from current lease end:

Begin marketing the home even if your tenant has not given notice. If they are stragglers, this will indicate to them that you may invite them to move at the end of their term even if they do not give you notice that they are moving. As a courtesy you may remind them that they must still give proper written notice of their intent to move at the end of their term. You are simply marketing to see if somebody else is willing to commit to a lease on your property. (Remember that if you give them notice it must be in accordance with the lease and the law: generally 30 days for an end of term and at least 15 days when they are on a month-to-month basis.)

Prevent the possibility of a misunderstanding: **NEVER MAKE ANY ORAL AGREEMENTS.** Oral agreements should be expressly prohibited by your lease and any time you discuss any “possibilities” with Tenants you should remind them that the terms of the lease prevail and there are no oral promises... everything is in writing only!

Turning over homes:

As soon as you know a home is turning over, arrange to conduct a “preliminary checkout inspection” as soon as practical. (See the attached example of a preliminary checkout inspection.)

- The goal of the preliminary checkout inspection is to identify items that may need to be repaired prior to or at the end of the lease, and to help your tenant understand their obligations in turning back the home “normal wear and tear excepted”.
- Discuss with your tenant options for cleaning etc. Do they want to do it? (Go over the expectations of what and how to clean properly.) Do they prefer to have professionals do it for them? Would they like your vendors to do it? Give them projected pricing for various items.
- Discuss and remind them that the home must be vacated, cleaned (and repaired if necessary) and turned over by or before the lease end date so that it is ready for the new tenants at the start of the new month.
- Ask your Tenants to send you an email outlining their move date, date for cleaning, and choice of whether to do cleaning themselves or to use vendors (your vendors or others).
- Do some deal-making if necessary. Perhaps you as the Landlord are happy to arrange for all cleaning etc and supervise the vendors if they are happy to pay providing they move in a timely fashion. Perhaps you will take the costs from their deposit, or perhaps they would like to pay certain vendors directly themselves.
- Further deal-making can sometimes be beneficial once they have already moved out if you know the cost structures to turn your homes. This can lead to them paying “one price” to end the lease and take care of everything from cleaning to paint repairs. Their incentive for a deal like this is simplicity and no unexpected expenses. Your incentive is simplicity and easing the burden of turnover. You avoid disagreements over what you may or may not charge for under the terms of the lease. Be careful not to miss anything

– if you do miss something and have made a global “one price” deal and then discover some damage you are entitled to charge for you, will eat that loss!

Welcoming the new Tenant:

Keep your rentals in appropriate condition to compete favorably in the marketplace. Prior to the start of the new Tenant’s lease you should have fully cleaned, repaired and prepared the home so that you can turn it over with pride!

- At the time you welcome the new Tenants:
 - ✓ Change the locks.
 - ✓ Verify that they have appropriate renter’s insurance if you have not already received verification thereof.
 - ✓ Conduct a thorough walk-through inspection and document the state of the home with photographs and a written “state of the property” agreement. (See attached example.)
 - ✓ Introduce them to the workings of the home, the HOA (if applicable) and the neighborhood. Consider leaving a “general information” sheet attached to the inside of a kitchen cupboard with pertinent information on it. (Landlord’s name, phone number and address for correspondence. The rental home’s address. HOA general information and location of mailbox if appropriate. What to do in an emergency if the landlord cannot be reached. Contact information for your agent or partner who can make decisions if you are unavailable or incapacitated.)

To the Tenants of (XYZ property company)

Periodic inspection of premises:

Hi Folks,

As you know we periodically visit your home to check on its condition to keep it well maintained so that we always maintain the most desirable rental homes in the neighborhood. When we visit we will be checking systems such as the plumbing, heating and cooling.

There is no need for you to be present when we visit, however we are delighted to see you if you are home! There is also no need to “tidy up” or prepare for our visit. If you are aware of any maintenance issues that may need our attention, please let us know by responding to this email or giving us a call.

We are planning to visit all of our (City name) properties this (day and date) between the following times (time range). If we are unable to visit all of the properties that day, we will come back to visit the last properties in the near future.

We usually attempt to text you once we are on our way to your home specifically, however this email should serve as your notice that we intend to visit as stated.

We are checking for maintenance items to keep the homes in good repair, but remember that we have access to vendors that we have pre-approved deals with. If you are in need of services such as carpet cleaning or window cleaning, let us know and we can put you in touch with our vendors who do an excellent job at a negotiated price.

We hope this finds you well.

Please reach out to us if you have any questions.

Thank you.

The Landlord

To the Tenants of (XYZ property company)

Annual lease renewals:

Hi Folks,

It is that time of year again when rental contracts are ending soon and you need to decide if you are renewing. (You have probably already decided.) We have some prospective tenants already wanting to know which of our homes are becoming available.

We would like to get all renewals done by April 10th by 8pm at the latest, in order that we can let inquiring tenants know which of our properties will remain under contract and which may become available.

You have probably seen in the news that rental prices have been increasing and are expected to continue to do so. Our costs have been rising too.

We will be increasing monthly rents by \$20 when we process your renewal.

Our general business policy is to keep rents as low and stable as possible for renewing tenants. We are sure that even with the small \$20 monthly increase you will all find your homes to still be very good values for the money. As always, you can renew for a term of 1, 2 or 3 years. (2 and 3 year leases lock in your savings for a longer time.)

If we do not hear back from you to renew your lease by April 10th, the terms of your current lease remain in effect. Should you wish to continue on a month to month basis, the fees stipulated in your contract will be applied.

Please note that if your lease moves to a month-to-month status we may increase your rent to prevailing market rates (as we determine them at that time), and in addition the month-to-month fees will apply. (Month-to-month fees may also be increased. Our current month-to-month fee is \$250 and many of you are on older fee schedules.)

If we have a qualified tenant who wishes to rent your home, (and you have reached your lease end of term, or are on a month-to-month basis) we may also give you notice of lease termination, and rent it to somebody who is willing to commit to a longer contract. **If you are intending to move, please remember to give proper, formal, written notice as specified in your lease.**

Your guarantee to be allowed to renew your lease at your current rate + \$20 is good only until April 10th by 8pm at the latest. After that we reserve the right to increase rent to market rates (as we determine at the time), or to rent your home to another qualified tenant if we choose to. We would of course give you proper notice as required under the law if we rent your home to somebody else.

We hope to welcome you all again to continue to rent with us, and we hope you will all take advantage of our limited time offer! We are available almost any time on the weekends to do renewals and some evenings during the week.

For those who renew early (prior to March 31), we offer a \$25 Olive Garden or Red Lobster gift certificate as appreciation, as well as a complimentary 3 month filter for the furnace / AC unit.

Please reach out to (Landlord name) for your renewal at ([801](tel:801-801-8018)-phone #), or by responding to this email.

Thank you.

The Landlord

Today's Date: _____

PRELIMINARY CHECKOUT!

123 Any Lane

City, UT 84111

Please inspect your entire home with the Landlord / Agent prior to moving out. Please proceed room to room and check out flooring, walls, paintwork, countertops, cabinets etc. Note any damage or non-functional appliances below.

This inspection list is part of the lease contract dated _____ between (Landlord name) and Tenant. It will serve as a record useable to assess any Tenant related damage at time of move out. **This is a preliminary checkout only and a full assessment of the premises will be made by the Landlord after move-out.**

Tenant has replaced smoke detector batteries: yes ____ no ____ CHARGE: _____

Tenant has replaced furnace filter: yes ____ no ____ CHARGE: _____

Tenant has replaced fridge filter: yes ____ no ____ receipt? ____ CHARGE: _____

Pets? _____ CHARGE: _____

Smoking/incense/candles? _____ CHARGE: _____

Tenant steam cleaned carpets: yes ____ no ____ receipt? ____ CHARGE: _____

Tenant cleaning satisfactory: yes ____ no ____ partial ____ CHARGE: _____

Received from Tenant:

____ Front door key(s) CHARGE: _____

____ Mailbox key(s) CHARGE: _____

____ Pool / clubhouse keycard CHARGE: _____

____ Garage door opener(s) CHARGE: _____

____ Other: _____

Other damages total estimated: CHARGE: _____

Total estimated charges (precise amounts will be finalized after work has been completed):

TOTAL ESTIMATED CHARGES: _____

The following damage is immediately apparent and is noted (write “none” if no damage is noted):

Master bedroom:

Master bathroom:

Bedroom 2:

Bathroom 2:

Laundry and hallway:

Stairs area:

Kitchen:

Dining:

Family room:

Outside (front steps, driveway and other exterior) + garage:

Date: _____ Signed: _____

Landlord: _____ Tenant: _____

Print name: _____ Phone: _____

Tenant: _____

Print Name: _____ Phone: _____

Move-in Forms. [redacted] is Owner / Landlord:
Today's Date: [redacted]

WELCOME HOME! Tenant may not
[redacted] Lane use the home until
[redacted] when the
UT 84 [redacted] Renter's insurance starts.

Your new home has been prepared for you with great care and pride. Locks have been re-keyed for your peace of mind. The carpets have been steam cleaned, windows and blinds professionally cleaned and the entire home carefully cleaned and detailed.

Please inspect your entire new home prior to moving in. Please proceed room to room and check out flooring, walls, paintwork, countertops, cabinets etc. Note any damage or non-functional appliances below.

This inspection list is part of the lease contract dated [redacted] between [redacted] (Owner/Landlord) and Resident/Tenant. It will serve as a record useable to assess any Resident/Tenant related damage at time of move out.

Please test operation of the smoke detectors and note below if you find a problem.

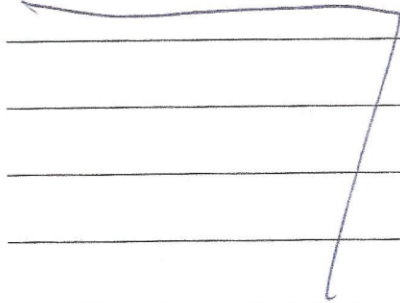
The home is rented "as is". Any damages or deficiencies noted below are for record keeping only, and are not a promise by Owner/Landlord that they will be repaired unless action promised to correct a deficiency is specifically given by Owner/Landlord in writing.

The following damage is noted (write "none" if no damage is noted):
Master bedroom:

- 1. NEWLY PAINTED ALL GOOD
- 2. CLOSET DOOR
- 3. MINOR SCUFFING
- 4. CLOSET DOOR
- 5. BATHROOM GOOD
- 6. CABINETS GOOD

Master bathroom:

SEE 5+6

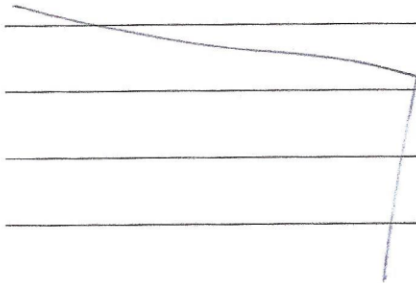


Bedroom 2 (furthest south):

R 4 50TH

1 WALLS GOOD

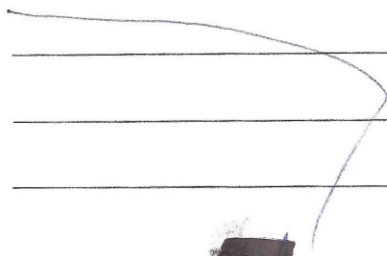
2.3" CARPET ^{BLEMISH} BY CLOSET



Bathroom 2:

1. MISSING PAINT BEHIND TOILET

2. BATHROOM GOOD



Rear deck and yard:

CONCRETE GOOD POUR

Received from Owner/Landlord:

- 3 ✓ Front door key(s)
1 ✓ Garage door opener(s)
1 ✓ Electronic clubhouse keys
1 ✓ Mailbox keys

Other: WASHER + DRYER

Date: [REDACTED] Signed:

Owner/
Landlord:

Resident/Tenant:

Print name:

Phone:

Agent for Owner/
Landlord:

Resident/Tenant:

Print Name:

Phone: