

A.: Yes, I have several property management clients who have asked me similar questions. As you know, property management services as provided today include more than merely finding tenants to fill rental vacancies, which service is actually a rental agency rather than a property management function. In the typical agency situation, after the tenant is secured by the agency, the owner still has the responsibility for collecting rents, the maintenance and efficient operation of the improved realty, relations with tenants and their problems, and the renewal of leases. He or she essentially performs, either himself/herself or by further contracting out to another individual or agency, the actual management functions. It is only when the securing of tenants is coupled with the other responsibilities of maintaining and operating the real estate that it can be said that the services provided are those of modern property management.

It is important to remember that property management developed out of the real estate industry and is still considered a special branch of the real estate profession. As such property managers are generally regulated under California statutes as real estate brokers and salesmen (although some persons engaged in property management are excluded from such statutory regulation). (California Business & Professions Code sections 10131, 10131.2 and 10132). Property managers not exempt from state regulatory statutes are consequently required to first obtain a real estate license as a broker or salesman before performing management services covered by statute, and may be prosecuted by the county district attorney for violations of the statutory regulations. (California Business & Professions Code section 10130).

"Property management" is the maximization of income from and preservation of the improved real property by maintaining the physical desirability, condition and market value of such real estate, while providing tenants with efficient service and a desirable environment which satisfies them and has the effect of maintaining maximum levels of tenant occupancy. The duties involved in a complete property management program may include the following:

1. locating tenants to fill vacancies through advertising, real estate brokers, or rental agencies;
2. selecting the right tenants to fit in with existing tenants and checking their financial qualifications to insure continuous, problem-free rental income;
3. initial preparation and systematic revision of a rental schedule;
4. preparation, tenant execution, and renewal of leases; preparation of rental units for new tenant occupancy;
5. day-to-day maintenance of the building and grounds; developing and executing a program of property improvements, alterations and modernization;
6. purchasing all supplies for the efficient operation of the property;
7. hiring and supervising personnel to staff and maintain the property;
8. receiving estimates and negotiating contracts with outside maintenance people and independent contractors;
9. dealing with tenant complaints and maintaining tenant satisfaction;
10. keeping records and developing a record-keeping system;
11. paying bills and periodic auditing of accounts;
12. collecting rents and handling delinquent rental accounts;
13. maintaining adequate insurance on the property, paying the premiums, and handling any claims;
14. making loan and interest payments on the property;
15. paying taxes and appealing tax assessments; preparing accurate and periodic statements on the financial operation of the property for the owner's review; and

16. disbursing net income from the operation of the property to the owner.

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