

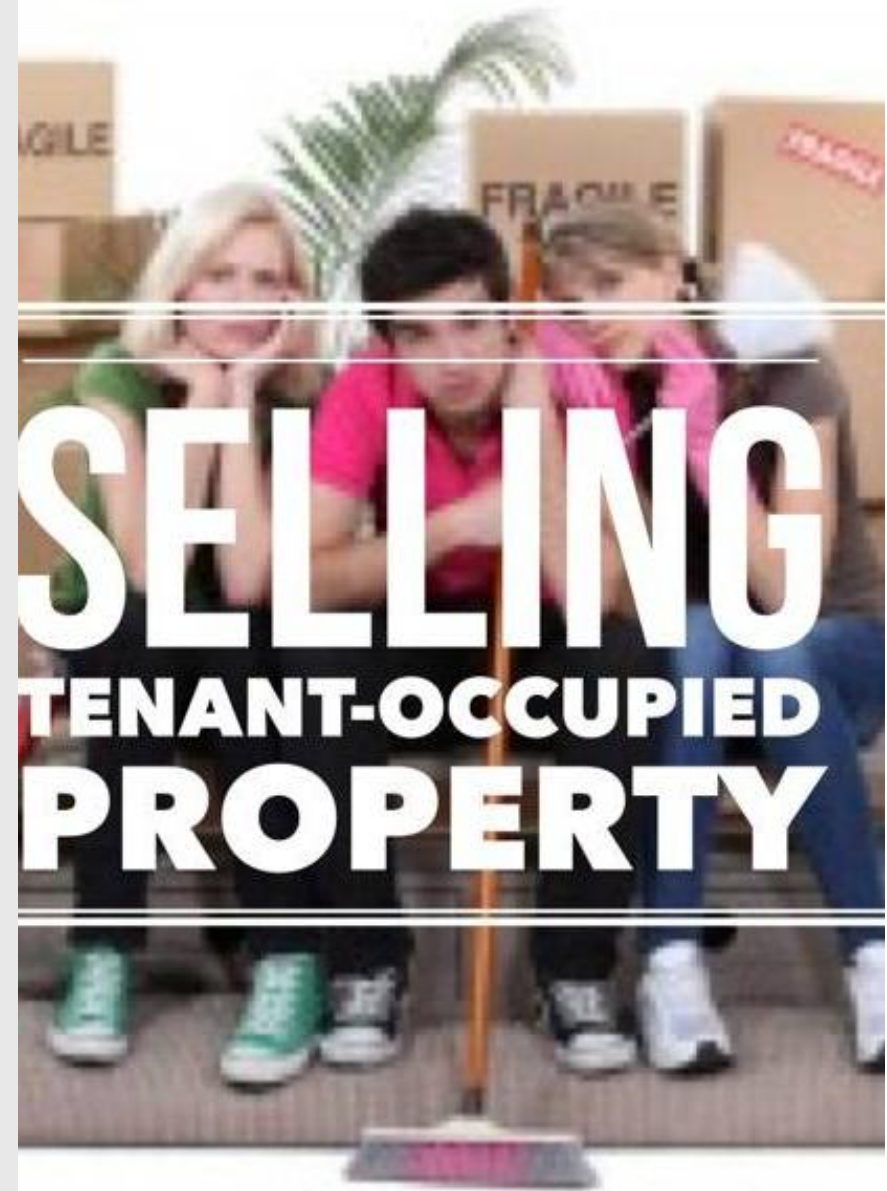
How To:  
**Sell A  
Tenant  
Occupied**  
Rental Property?



**The  
Listing**

# Tools and Strategies for Selling Tenant Occupied Properties

Selling properties that are occupied can be difficult for even the most seasoned professionals. Proper planning and systems can lead to better results including positive experiences for sellers, buyers and tenants and avoiding problems/issues for the agents.







# Vacant vs Occupied

Leases, timing and market factors may determine if its better to sell a home vacant or with a renter. In some markets, where things sell slow, it may be better to have a occupant. In great markets, vacant may be better.





## Difference between single family occupied and multifamily occupied

- In single family you will likely need to show the units prior to receiving offers
- In multifamily, offers are made contingent to an inspection of units



# Property Management Listings vs 3<sup>rd</sup> Party Listing with another PM

- There will likely be constant conflict
- Some property management agreements immediately drop property management services if a 3<sup>rd</sup> party listing agent is retained
- Some property managers insist all sales be done by them
- In cases with a 3<sup>rd</sup> party manager, some companies charge an hourly “coordination” fee, or a flat fee to compensate for the hassle of working with a 3<sup>rd</sup> party



# COMMUNICATION AND TRUST

The keys to success are great communication and building trust with all parties

# Horror Stories!

Do you have a Horror Story concerning selling tenant occupied properties you would like to share?



# Timeline for Selling Tenant Occupied Property

Prepare the owner for the process  
Ascertain pertinent lease language  
Prepare the tenant  
Prepare the property

Pre-listing Phase

Listing Phase

Pre-inspection (seller disclosures)  
Taking Photos  
Gather all relevant documents  
Setting clear expectations for tenants  
Compensation for tenant?  
Specific showing Instructions and Rules

Assure tenant cooperation and compliance  
Clear rules for buyer's agents

Marketing and Showing

Under Contract/Closing Phase

Under Contract:  
Property Inspections  
Punch Lists  
Closing:  
Fund Transfers  
File Transfers



# Pre-Listing Phase

## **Prepare owner for the process:**

- Lay out the plan/system for accomplishing the best outcomes for all
- Discuss how to incentivize/reward tenant for cooperation
- Make a dual commitment to treat tenant well and be sensitive to them

# Pre-Listing Phase

## **Ascertain Pertinent Lease Language**

- Does tenant have a written lease or MTM?
- What if there is nothing in writing?
- Is there a clause that tenant must move if property is sold?
- How clear is the language on right to show?



# Pre-Listing Phase

## **Prepare the tenant**

- One on one meeting
- Explain your plan and be prepared to resolve concerns/panic/disappointment
- Lay out expectations – put something in writing they can hang on their fridge
- Discuss Photos (will there be photos with tenant's property?)
- If using incentives ask them what they want?

# Pre-Listing Phase

## **Prepare the Property**

- Create punch list of things that need to be done to list
- Communicate things tenants need to do and set deadlines
- Arrange contractors



# Listing Phase

## **Doing the Pre-inspection and photos**

- Give the tenant plenty of notice
- Thorough inspection/conversations with seller disclosure in mind
- There will have to be dialogue about cleanliness and order with the tenant

# Listing Phase

## **Gather all relevant documents**

- Lease (other documents will be transferred at closing)
- Service contracts
- Ledger
- Photos
- What else?



# Listing Phase

## **Setting clear expectations for tenants and compensation for tenants**

- How will you notify them of showings?
- How much notice will they get of showings?
- Will there be periodic rewards/incentives for cooperating? How will these be delivered?

# Examples of Compensation offered to tenants

It really is inconvenient to renters to have to accommodate a real estate listing while they live there. Compensation encourages them to keep place nice, say nice things, and increases the odds of highest sales price and smoothest process.

- \$25 per showing, with a Cap of so much a week
- Reduction in rent
- Gift cards, cash, etc.

# Listing Phase

## **Set Specific Showing Instructions and Rules**

- Be sure to include showing instructions in the listing - 24 notice to seller's agent hours required
- Include showing instructions on marketing pieces - 24 notice to seller's agent hours required



# Suggestions

- No signs to prevent walk ups
- No lock boxes to prevent entry without 24 hour notice
- Schedule 2 or 3 two hour blocks a week for all showings



# Marketing and Showing Phase

## **Monitor tenant compliance**

- Check in with the tenant to see how its going
- Any concerns?

# Marketing and Showing Phase

## **Monitor buyer's agent compliance**

- Check in with the tenant to see how its going, any concerns?
- How do you deal with rogue agents/buyers?

# Under Contract/Closing Phase

## **Under Contract to do List:**

- Coordinate inspections
- Post-inspection coordinate punch list completion
- Make sure deposit and pre-paid rent will be transferred at closing



# Under Contract/Closing Phase

## **Post Closing to do List:**

- Transfer any funds still due
- Transfer any remaining tenant file
- Property management continuance?
- Exit interview with seller

# TIPS FOR COMMUNICATING AND BUILDING TRUST



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