



Monthly Newsletter

October 2017

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How the 80/20 Rule (or 90/10 Rule) applies to property management.

In 1896, Italian economist Vilfredo Pareto observed that roughly 80% of the land in Italy was owned by about 20% of the population. In 1941, management consultant Joseph M. Juran stumbled across the Pareto's work and began applying the "Pareto principle" to quality issues. According to Juran, 80% of a problem can be attributed to 20% of the causes. Following upon this observation, business managers today often refer to the 80/20 Rule to observe, for example, that 80% of sales come from 20% of clients. In fact, at least one book has even been written entirely about the 80/20 Rule.

In the context of property management, the 80/20 Rule is probably more like the 90/10 Rule. 90% of our problems are caused by 10% of our tenants. In other words, most of the people who rent from us are very responsible, pay their rent on time, report legitimate problems quickly, and refrain from causing problems. However, there is another 10% who are always either causing problems, not reporting legitimate problems, not paying rent on time, or inventing made-up problems.

Of course, the best way to avoid problem tenants is with correct screening procedures. Our procedures for this include credit checks, calling previous landlords, and verifying employment. Each of our clients have different final screening criteria but these are the basics. One of the best questions we can ask a previous landlord is whether they would rent to a tenant again. If the answer is anything other than an unequivocal "yes" then that is an immediate red flag. Similarly, a credit history of paying late, or not at all, for bills such as credit cards, loans, or utilities is an indication that we should probably avoid renting to this person. However, if a person was slow to pay an unexpected medical expense but is otherwise always on time then that is something we may overlook if the rest of the application is encouraging.

All of that said, we still end up having to deal with problem tenants. Once we decide that a person is part of the 10% who cause problems then our advice to clients is usually to simply move on. We recommend terminating the tenancy and finding a better fit for the property.

Owner Portals are now available.

Over the past several months, California West has slowly been rolling out our new Owner Portal feature to clients who request electronic monthly statements.

We are now ready to fully implement this feature by encouraging all of our clients to request access to an Owner Portal.

By activating your Owner Portal, you will no longer receive financial statements through postal mail but, instead, will receive an e-mail each month with a link to a secure website where you can download that month's statements.

By activating your Owner Portal, you will no longer receive financial statements through postal mail but, instead, will receive an e-mail each month with a link to a secure website where you can download that month's statements. Previous monthly financial statements are stored there as well, so it is easy to go back and look at prior month financials without digging through a box of old paper that is stored somewhere in the garage.

To activate this new feature, please send an e-mail to either Betty Romero (betty@california-west.com) or to Rosa Vega (rosa@california-west.com) and indicate which e-mail address (or addresses) you wish to use for receiving your electronic statements. If you own your property with a spouse or business partner who wishes to setup a separate portal then we can do that as well, we just need that person's e-mail address.

That said, we do understand that some people prefer paper and, therefore, simply do nothing if you wish to continue receiving your financial statements by postal mail.

Property taxes are due on November 1 and late after December 10.

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The first installment of property taxes are due on November 1 and late after December 10. Please check your October financial statements to make sure that California West has paid your property taxes if you are expecting us to do that for your property. If you are missing your property tax bill, you can find a copy at the County Tax Collector's website.

If you are expecting California West to pay your property taxes and you do not see any payment in the month of October then please contact us at your earliest convenience so we can make sure to pay the first installment before it incurs a late fee.

Also, if you wish for us to prepay the second installment then let us know that as well, since we usually assume that our clients only want to pay what is due.