



How to be a Honolulu Landlord:

PROPERTY MANAGEMENT BASICS



HappyDoorsSM
Property Management

How to be a Honolulu Landlord: Property Management Basics

How to be a Honolulu Landlord: Property Management Basics

Table of Contents

Introduction	Page 3
Chapter 1 <i>4 Rent-Ready Tips for Honolulu Homes</i>	Page 4
Chapter 2 <i>Thorough & Modern Tenant Screening</i>	Page 7
Chapter 3 <i>Landlord and Tenant Responsibilities</i>	Page 10
Chapter 4 <i>Collecting Rent on Time</i>	Page 13
Chapter 5 <i>What Can a Honolulu Landlord Deduct from the Security Deposit?</i>	Page 16
Chapter 6 <i>Tenant Damage vs. Wear and Tear</i>	Page 19
Chapter 7 <i>Maintenance Coordination in Honolulu</i>	Page 22
Chapter 8 <i>Explaining the Eviction Process</i>	Page 25
Conclusion	Page 30

How to be a Honolulu Landlord: Property Management Basics

Introduction

Whether you've inherited or purchased a rental home in Honolulu, becoming an effective landlord isn't as easy as it may seem. If you have questions or you're feeling overwhelmed – don't worry. It's completely understandable.

We put together a brief but comprehensive introduction to what you'll need to know as you find tenants, prepare your property, collect rent, and respond to maintenance. We've been professionally managing rental properties for many years, and we know our experience and expertise can help new and experienced landlords.

We put this book together so you won't feel so nervous about screening tenants or inspecting properties. We want you to know how to tell wear and tear from property damage. And, we want you to feel comfortable and confident collecting rent and returning security deposits.

If you want to know more about how to be a great landlord, we hope you'll reach out to us at HappyDoors Property Management.

How to be a Honolulu Landlord: Property Management Basics

Chapter 1 4 Rent-Ready Tips for Honolulu Homes

Before you can market your rental property and find the best possible Honolulu tenants, you need to make sure that your investment home is ready for the market.

It's easy to rush the process; you want to find a tenant quickly and begin collecting rent. However, if you don't make your rental property move-in ready, the most desirable tenants won't want to apply for it.



For the video, go [here](#).

Price the Home Correctly

Most investors want to earn as much as possible on their property, and they think that charging the most rent will get them the greatest return on their investment.

It's a good idea to charge as much rent as you can, but remember that it's the market that dictates what you charge, not your own expectations. If you price your property too high, you run the risk of incurring a longer vacancy period.

Vacancies are far more expensive than lowering your price by \$50 or \$100 per month. Be flexible, and price your property competitively so you attract the best tenants quickly.

Creating Exceptional Curb Appeal

First impressions are important, and your prospective tenants will want to see a home that's pretty, inviting, and well-maintained.

Make sure the exterior looks great, otherwise prospective tenants won't even bother going inside.

Smart landlords know that creating curb appeal doesn't have to be expensive. You can make your property stand out simply by keeping the yard and lawn neat and mowed. Trim the bushes and trees, and make sure everything looks maintained.

Showing the Property: Cool and Clean Interiors

When prospective tenants step inside your home, you want to be sure they can imagine living there.

Open up curtains and blinds so the natural light can flood the property. Make sure it's cool inside and very clean.

There are things tenants will be willing to overlook, but other peoples' dirt is not one of them. All clutter and debris should be removed from the home.

If you're willing to have your rental home professionally cleaned before listing it, you'll have an easier time finding a great tenant quickly.

Make sure everything in the home works, including light bulbs and appliances. Turn on all the faucets and take care of any repairs that are needed before you put your property on the rental market.

Once you check every item off your rent-ready checklist, you're ready to put the home on the market and start looking for tenants.

How to be a Honolulu Landlord: Property Management Basics

Chapter 2 Thorough & Modern Tenant Screening

Placing the wrong tenant in your rental property will not only cause you stress, it could also cost you money.

A good tenant will pay rent on time, help you maintain the home, stay in place for the long term, and follow the terms of your lease. A bad tenant, however, will be slow to pay rent or not pay rent at all. A bad tenant may cause property damage and violate the lease or leave before fulfilling the full lease term.

Ultimately, you may have to evict a bad tenant, and that will cost you time and money.

So, how do you find the high quality tenants? You need to be intentional with your screening.



For the video, go [here](#).

Check Criminal and Eviction Histories

Many property management companies will check local records for criminal backgrounds and prior evictions. At HappyDoors Property Management, we think it's important to do a national check.

We'll also do a federal criminal background check and ensure your prospective tenant does not have any patterns of bad behavior. We want to limit your risk by rejecting people who may have drug habits or a history of violent behavior.

Employment and Income Verifications

You need to be sure your tenants can afford to pay the rent. Talk to employers and verify the amount of income that they earn. You can also ask for pay stubs or employment contracts.

If your prospective tenant is self-employed, ask to see bank statements or tax filings that show annual income amounts.

Ideally, you want your tenants to have a debt to income ratio less than 45%, although up to 55% might be sufficient depend on their credit and other background criteria.

Establish Non-Negotiable House Rules

Talk to former and current landlords to get an idea of how a tenant has performed in the past. Ask if rent was paid on time and ask if any damage was left behind after the tenant moved out.

You also want to know if proper notice was given before the tenant moved out, and if there were any pets in the property as well. Ask if there were any lease violations or complaints from neighbors.

Make sure you're talking to the actual landlords or property managers, and not the applicant's friend or family member.

Checking Tenant Credit

We also think it's important to look at a tenant's credit profile. This is not as simple as looking at a credit score. Specifically, we want to make sure there are no judgments, debts, or court cases involving former landlords, property managers, or apartment buildings.

We measure the amount of debt a prospective tenant has against the income he or she earns. We look for late or unpaid utility bills. While the credit score is important, we're more interested in how the entire credit history looks.

We want to be sure the tenant we're placing in a rental property is responsible with money and willing to honor their debts.

These are just a few of the things you should consider when you're screening tenants for your property. Establish criteria and measure each applicant fairly and consistently.

How to be a Honolulu Landlord: Property Management Basics

Chapter 3 Landlord and Tenant Responsibilities

Landlords and tenants have different sets of responsibilities when it comes to maintaining a Honolulu rental property. It's important to sort these things out before your tenant moves in, and they should all be outlined in the lease agreement.

A conflict-free landlord/tenant relationship requires that everyone is on the same page and comfortable communicating with one another.



For the video, go [here](#).

General Landlord Responsibilities

Honolulu owners are required to maintain the habitability of the property and keep all of the amenities and appliances in good condition. If something breaks, the

landlord must fix it unless it's due to abuse or misuse by the tenant.

This applies to the interior and exterior of the home. For example, a leaking faucet or an appliance that needs to be replaced is the responsibility of the landlord. Worn carpet, minor scuffs on the walls from furniture, and other instances of wear and tear, per the state of Hawaii, cannot be deducted from a tenant's security deposit.

On the outside, the landlord must keep up with cleaning the gutters and trimming the trees. You don't want your tenants up on a ladder or handling dangerous equipment; it puts you at risk and creates a lot of liability.

General Tenant Responsibilities

While landlords are responsible for maintaining the property, tenants will be accountable for any damage that's due to abuse or neglect.

For example, overloading the washing machine and causing a flood will be a tenant's problem to fix. When hair clogs a sink or a drain, the carpet has damage that goes beyond wear and tear, or large holes are found in the walls, a tenant will need to pay for those repairs.

Routine yard care is generally the responsibility of a tenant. Honolulu investors can hire a professional landscaper and include the cost in rent if that's preferable. Even with a great tenant, you may find that things like lawns and pools are not maintained to your standards.

Rental Property Inspections

Driving by your rental property is permitted, but do not go up to the home or try to enter. This invades the tenant's privacy and violates state law.

You're required to provide 48 hours of notice before you enter a property, and there needs to be more than one attempt at contact if you want to get inside. So, you can post a note, email the tenant, or call. You can send a notice in the mail, but make sure you provide enough time for your tenant to receive it.

You can only inspect the interior during reasonable hours. The tenant does not have to be present, but it's a good idea to schedule at a time that's convenient for both of you. This improves your relationship and helps you communicate.

This investment property belongs to you, but remember, it's also your tenant's home. Make sure you treat it that way.

How to be a Honolulu Landlord: Property Management Basics

Chapter 4 Collecting Rent on Time

Late rent payments are not only inconvenient for landlords, they're also a setback to your finances. You may have a mortgage payment to make or insurance to pay for, and when rent is late, your cash flow is disrupted.

The best way to collect rent on time is by being consistent and setting expectations up front.



For the video, go [here](#).

Communicate with Tenants

Your rent collection policy starts with your lease agreement. Make sure the lease states when rent is due, how it is to be paid, how much is due, and what the consequences will be if it's not paid on time.

Talk to your tenants about any grace period or late fees that are part of your rent collection policy. If they seem to have any confusion, you can direct them back to the lease.

When rent is late, your first step is to inform the tenant. It's completely possible that your tenant simply forgot. Many landlords don't realize that collecting rent can be as easy as picking up the phone or typing out a reminder. Let your tenant know that rent is late, and ask when you can expect it to be paid.

Late Fee Consistency

You have every right to charge a late fee if your lease allows it.

For some investors, it may make sense to waive the late fee on the first offense. If the tenant usually pays on time, takes good care of your property, and doesn't cause trouble, you might be willing to ignore the late fee for this unusual circumstance. However, don't make a habit of waiving late fees, otherwise your tenants will not take the rental due date seriously.

If you waive the late fee every month, the tenants will have no incentive to pay you on time. When you waive the late fee because you're putting a payment plan in place, put the terms and conditions and deadlines in writing so there can be no confusion.

Maintain Professionalism

When rent is late, your tenants may have a dramatic story to tell you. There could be a death in the family, a major medical expenses, or some kind of catastrophe that is causing them financial problems.

It's okay to be sympathetic, but remember that you're running a business. Don't get sucked into your tenant's personal problems. The longer a tenant goes without paying you, the less likely it is that he or she will be able to catch up.

Post Your Five Day Notice

Post a Five Day Notice if you don't get your rent on time, or the deadline for a payment arrangement comes and goes without a payment.

You don't want to wait until later in the month to start this process. Serve the notice, and if the tenant comes through with rent, the eviction process doesn't need to go any further.

How to be a Honolulu Landlord: Property Management Basics

Chapter 5 What Can a Honolulu Landlord Deduct from the Security Deposit?

If there is going to be a dispute between Honolulu landlords and Honolulu tenants, it will likely revolve around the security deposit.

It's important to have excellent documentation and to understand the difference between tenant damage and normal wear and tear when you're inspecting your rental property before a tenant moves in and after a tenant moves out.



For the video, go [here](#).

Move-In Inspections

Honolulu owners need a thorough, well-documented move-in inspection before handing the keys over to the tenants.

If you don't have a written move-in inspection report that includes photos, you'll have a hard time proving what the property looked like before your tenants moved in. Go through every room in the house, and document how the walls, floors, ceilings, and appliances look.

Pictures and videos will help you protect yourself against claims that a tenant's security deposit was improperly charged.

Common Security Deposit Charges

Wear and tear is common, and something that Honolulu investors have to expect. You cannot charge the tenant for things like light bulbs that have burned out, touch-up paint, smoke detector batteries, and worn carpet that has aged over the years.

You cannot charge for normal scuff marks or small nail holes in the walls. Water spotting from faucets is wear and tear as well.

Things you can charge the deposit for include large tears in carpet or holes in flooring, medium or large sized holes in walls, and damage to trim or baseboards.

Professional cleaning and carpet cleaning can be charged to the tenant, and if there is damage to window screens, unreported plumbing issues that caused rot or decay, or torn up landscaping due to pets or misuse, you can charge the deposit.

You can charge for any labor costs when you use a licensed vendor or contractor. If you are making repairs

to the property yourself, you can only charge the tenants for materials.

You are required to provide an accounting that demonstrates where the tenant's money is spent.

Managing Tenant Disputes

When we have a tenant who disputes what was withheld from the deposit, we review the move-in report and compare it to the move-out report. We want to make sure the charges were right and accurate.

However, if the documentation supports the charges made, then we'll enforce them.

Security deposit questions can leave you on shaky legal ground. Make sure you have the documentation to back up any charges that you make, and be willing to work with tenants to keep the situation from escalating.

How to be a Honolulu Landlord: Property Management Basics

Chapter 6 Tenant Damage vs. Wear and Tear

One of the things that Honolulu owners find so frustrating is the term *normal wear and tear*.

This is vague, imprecise, and subject to what the courts determine.

Generally, it's the accumulation of normal wear that occurs when someone occupies and uses your rental property.

It's deterioration that would happen even if you were living there yourself.



For the video, go [here](#).

Rental Property Wear and Tear

You need to understand that everything in your home has a life expectancy. Flooring like carpet or wood will wear out, paint will need to be updated, and appliances will break and need to be replaced.

Paint is usually the biggest concern, and there will always be chips and scuffs left behind on the wall. It's reasonable for tenants to hang pictures and place their furniture against the wall.

That's wear and tear, not damage.

Property Damage Caused by Tenants

Certain things move beyond wear and tear and qualify as damage.

If a tenant's child draws on the walls, that's not wear and tear. Re-painting in different colors without your permission is also something the tenant will have to pay for at the end of a tenancy.

Damage includes large tears in the carpet, big holes in the walls from drilled mounts for televisions and mirrors, and broken appliances due to misuse or neglect.

Protecting Your Rental Property

Be responsive and attentive to maintenance so that small problems don't become large problems.

Work with licensed and insured vendors. When property is damaged by the tenant, you must give them an opportunity to have it fixed. If they refuse, repair it and follow-up to collect the sum from the tenant.

If you try to require a tenant to fix something and the tenant refuses, you can attempt to evict that tenant, but there is no guarantee that you'll be successful. The court may require you to have to pay for the repair, and then work to get reimbursed by your tenant.

Good documentation will help you distinguish between tenant damage and wear and tear. If you're in doubt, seek the advice of a property manager.

How to be a Honolulu Landlord: Property Management Basics

Chapter 7 Maintenance Coordination in Honolulu

Every property requires routine maintenance, and if you're working with a professional property management company, you can count on all of your repair needs being coordinated and handled by licensed and insured vendors and contractors.

If you're managing your own property, you'll need a plan and a budget in place to keep your investment property well-maintained.



For the video, go [here](#).

Preventative Maintenance and Evaluations

Well-maintained homes attract better tenants and earn higher rents. Keeping your property in excellent

condition needs to be one of your most important priorities.

Before a tenant moves in, conduct a thorough inspection to ensure everything is functioning and ready. If something needs to be fixed or repaired, take care of the problem. Change air filters and light bulbs, inspect the air conditioning system and plumbing, and check every outlet and appliance.

Small problems only become more expensive if they're left untreated. Deferred maintenance leads to larger repair bills and bigger headaches.

Coordinating Tenant Maintenance Requests

When a tenant reports that there's a problem, try to troubleshoot the issue with the tenant. If it's something as simple as resetting the garbage disposal, you can usually walk the tenant through the repair over the phone.

If the repair or maintenance item needs a professional, you'll need to access your vendor and ask them to complete the job. When the work is complete, follow up with the tenant and make sure the work was done to your standards.

Preferred Vendors and Contractors

You need to know who is in your property and working on your home. At HappyDoors, we have a list of preferred vendors who have been rigorously screened. We know that they provide a high quality of work and we know their prices are fair and competitive.

Only licensed and insured vendors are dispatched to our properties, and we always coordinate the scheduling and the work with the contractors and the tenants.

Emergency Property Maintenance

Emergency maintenance issues require an immediate response.

You or your property manager must be available to your tenants 24 hours a day in case there's a problem at the property.

Whether it's a water heater exploding in the middle of the night or a fire burning through the kitchen, be prepared to take whatever action is necessary to protect your tenants and mitigate further damage to your property.

Maintenance is a big part of managing a property. Make sure you have a plan and a budget in place.

How to be a Honolulu Landlord: Property Management Basics

Chapter 8 Explaining the Eviction Process

Most Honolulu investors dread the idea of evicting a tenant.

This is understandable; the process can cost a lot of time and money. It can also be confusing. If you don't work with a Honolulu property management company, consider seeking some professional advice before moving forward with an eviction.

If you make a mistake, the process will only be prolonged.



For the video, go [here](#).

What Eviction Means

In Honolulu, the legal term for eviction is Summary Possession.

This is the process of seeking court approval to legally remove a tenant or unauthorized persons from a property.

The State of Hawaii does not allow investors to change lock or remove tenants without court approval; even if they are in violation of the lease of state and federal laws.

Start with Posting a Notice

There are many reasons to evict, but the most common one is when rent isn't paid.

The first thing you'll do in this situation is post a Five Day Notice for Non-Payment of Rent. You can do this by posting the notice at your Honolulu property, and then mail it by certified mail, but remember it will take some time for that notice to be received by your tenant.

If five business days come and go without a response or a payment from your tenant, you can file the eviction paperwork in court.

The state of Hawaii requires legal notices for evictions to contain specific wording. We recommend you hire an attorney to ensure it's filed and worded correctly.

Serving the Eviction Lawsuit

Honolulu owners can have a process server deliver the eviction notice paperwork in person at the tenant's home or place of employment.

Remember that even the best process server won't always be able to serve your tenant on the first attempt. It may take several tries, and you're paying the process

server for their time and the work it takes to locate and serve your tenant.

Court Hearings and Mediation

At the initial answer hearing, the court will ask if your tenant is contesting the eviction. If so, a mediation meeting will be scheduled.

This mediation is mandatory in Hawaii, and Honolulu landlords must make an attempt to reach some kind of agreeable outcome with the tenant to avoid going to court. If an agreement is reached, it must be put in writing during the mediation.

Wording is important, so make sure your attorney includes language that will protect you from having to start the process over if your tenant does not keep his or her end of the bargain.

If there is no successful agreement reached during mediation, a court date will be scheduled for two or three weeks later. The landlord, tenant, and attorney will show up and wait for the judge to deliver a decision after hearing both sides.

Any number of outcomes could be handed down, from an eviction to reduced payments. You never know how the judge will rule, which is why it's important to be open and flexible during mediation. Tenants may be granted more time and you may have to go to court multiple times.

Receiving an Eviction Order

If the judge rules in your favor and you're granted an eviction, you'll need to hire the sheriff to remove the tenants and their belongings.

In Honolulu, the sheriff's office is often backed up and they won't get to your eviction for several weeks. If you're working with a property manager or a lawyer who has connections in the sheriff's office, you may be able to convince them to work overtime or contact a retired sheriff to perform the eviction sooner. Expect to pay a little extra, but it will be worth it to have your property back in your possession.

The sheriff will have to post or serve an eviction notice. If the tenant does not move out before the posted date of eviction, you have to hire a locksmith to coordinate with the sheriff who will return and the tenant will be locked out.

Hopefully, the tenant will move out on their own before the stated eviction date.

Tenant Property

If a tenant leaves behind personal belongings, the landlord must hold onto them for 15 days after a notice is posted alerting the tenant to the landlord's intent to sell or donate those belongings. This means you may have to wait another two weeks before you have a property you can re-rent.

When your tenants return to remove their property, have someone there to make sure there isn't any damage done to the home.

At HappyDoors Property Management, we are often successful with mediation and rarely have to go to trial.

We also work closely with the sheriff's department, ensuring your tenants are evicted as quickly as possible when necessary. Usually, they are out within a week after the eviction has been granted by the courts.

With professional Honolulu property management, the eviction process is streamlined. Once the tenants are out, we move quickly to repair any damage and get the property rented to a good tenant quickly.

We don't wait for all of the possessions to be moved out. For example, we'll start painting the house while we store all of the tenant's belongings in the kitchen.

Always get professional help when you have to evict. The mistakes can be huge and potentially costly.

How to be a Honolulu Landlord: Property Management Basics

Conclusion

You may not feel like an expert property manager just yet, but now you know how to prepare a rental property for the market. You know how to screen tenants and what to do if rent is paid late. You should have a better understanding of security deposits, and you hopefully won't have to worry so much about evictions.

If the information you found in this book was helpful, we'd love to hear about it. At HappyDoors Property Management, we have a lot of resources that we love to share with landlords and investors at every stage of their real estate journey.

We can also help you put this information to good use. If you'd like to talk about professional property management, we'd be happy to discuss it with you.

We're here to answer any of your questions and provide you with any additional tips and tricks. Let us know how we can help.