

So You Think You Want To Be A Landlord

With today's homes taking a little longer to sell, some homeowners are choosing to keep their home as a rental and move on to the new one. Becoming a landlord requires a few traits that not everyone possesses. Make sure you do, or you'll find yourself pulling your hair out or, worse yet, in trouble.

The first thing you need is some knowledge. There are several good books out there giving you advice and letting you know what you may encounter. Some even include forms you will need i.e., application form, lease, move in/move out form, lead based paint disclosure, and many others. Learn the local laws and rules governing rental properties. Know the zoning laws limiting how many persons may occupy the home and how many have to be related. There is also a local organization for landlords and trades people called the Apartment Owners Association whereby the members help each other, give advice, and commiserate. Trades people also belong. Develop relationships with these people as you may need them in a pinch. Oh, and don't forget to tell your insurance agent you turned your home into a rental.

Make sure you have some reserves in savings as you will find yourself laying out some cash when you're least ready for it. Furnaces only quit on a Friday night when it's below freezing. Air conditioners seemed to only quit on a 3-day 4th of July holiday when it's over 100 degrees. Sewer back-ups only happen on weekends. And some tenants only let you know of a problem they've known about for days on a Friday evening as you're heading out for dinner with friends. Murphy's Law. Let your tenants know that you want to know ASAP of any leaks/repairs that may just seem minor. A slow leak can cause a lot of damage.

Keeping your rental well maintained and clean generally will get you a good tenant. Screen all tenants through a Screening Agency. Treat them with respect. If your tenants see that you care about the condition of your home hopefully they will take some pride in it too. When collecting the rent make your visits pleasant, call them by name, and ask them if any repairs are needed. Be kind, don't be a doormat. Some will see just how much they can get out of you. Charge late fees, serve eviction notices timely, and encourage them to follow the terms of the lease at all times. Just like there are good and bad tenants, there are good and bad Landlords.

Try to treat your tenants as you would like to be treated. I was a tenant for many years and I have patterned my Landlording after a good one that I had. He was proactive, congenial, but firm if you hadn't paid on time. Sometimes, if you have a spouse or partner you can play "good cop, bad cop" to get the rent or get a problem resolved.

Owning a rental can be very profitable if done correctly and don't forget to look at the "big picture". Sometimes a negative cash flow isn't a bad thing when you have the tax

breaks and depreciation that go along with owning a rental property. A \$100 to \$200 negative monthly cash flow may work if you're in a real estate market where there's annual appreciation. Remember, your tenant is paying your mortgage down. And, maybe this is your best option if becoming a landlord gets you into your next home.

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