

ASK DR. CASH FLOW

Put it in Writing!

By Nick Sidoti, R.A.M.

Q. Dear Nick, I try to be a good guy, and seem to always be getting the short end of the stick. I don't know if I'm doing something wrong, but every time I give a tenant a break, and make concessions, they take advantage of me. I give an inch, and they take a mile, and I get stiffed. Any ideas?

A. Many landlords start out thinking they are going to be different. They are going to listen when the tenant has a problem, and show compassion. Unfortunately, many tenants have learned that the landlord is more vulnerable to this act and the sob stories, than the grocery store, finance company or other creditors.

Occasionally you may have a request from a long-term good tenant, who has a legitimate problem. If you decide to solve their problem by letting them pay their rent late, document it as a loan. You need to make it clear that this is not acceptable in the ordinary course of your relationship. It is a one time occurrence.

Whenever you make an agreement with a tenant, make sure that it is in writing. For example, if you agree to accept rent after the due date, get the tenants to sign an installment agreement, or a note. This serves several purposes. It formalizes the agreement you've made, it lets them know that you are serious about them living up to these new obligations, and it also puts you in a stronger position if you need to go to court to collect.

Most landlords get into trouble because they let the tenant get the idea that they don't need to pay the rent on time, all the time.

Your problem reminds me of a story I heard a few years ago about a little girl who was going for a walk in the woods. As she was walking down the path she came across a snake. The snake said "Little girl, could you please help me?" The little girl asked the snake how she could help, and he said "I'm freezing, could you please pick me up and put me inside your coat where I can get warm." The little girl said "Oh no Mr. Snake, if I pick you up you'll bite me." The snake replied, "No, little girl, I won't bite you. Please just help me, I'm freezing." The little girl thought about it for a while. Then she bent down, picked up the snake, put him inside her coat, and proceeded down the path.

A while later she felt a sharp pain in her side. She threw open her coat and threw the snake to the ground. "How could you", she said. "You asked for my help, and I helped you, and now you bit me? You said you wouldn't bite me if I picked you up."

The snake said "Yes little girl, I bit you. You knew what I was when you picked me up, and that is what snakes do."

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