

MRLANDLORD.COM Tips on Management

Show Me the Money!

Savvy landlords will need to learn or re-learn how to file evictions AND collect their \$\$\$ in the coming days....Many landlords know how to get the judgment, BUT NOT how to get the \$\$\$\$. Here are five quick tips:

1. You CAN run the credit report of former tenants (who owe you money) every six months to get possible updated information.
2. You SHOULD record the judgment/usually in abstract form at your local recorder's office (deeds/weddings, etc).
3. You CAN order the court/judge to order an EXAMINATION of their assets (they raise their hand and swear in front of the judge and then you take them into a side room and ask them questions on their debts AND assets).
4. You SHOULD file a wage garnishment if they are employed.
- 5) Recording the judgment if they have real estate will SURVIVE a bankruptcy as the judgment is recorded as a secured judgment and if/when the property is sold or re-financed, your judgment will get paid off.

Investment or Hobby?

Do you view landlording as a job or as a hobby? Do you view it as a "true" business? Sometimes, from the answers I read, it amazes me that more investors/landlords, than not, stop investing after the purchase of their property. It's true that most do invest more money afterwards to advertise the rental unit, do credit checks, ensure curb appeal, and "time" waiting for that QUALIFIED tenant, but it seems to STOP there! More times than not, new and seasonal landlords feel that any more investing into this property is over with, but they are wrong.

Let's take a look at things. You have invested in the land, the location, the home, the rebuilding/fixing things up, the advertising and time taken to select the most qualified tenant. But nothing has been invested in.... Learning the rope's - office, bookkeeping, the laws of your state, the City Ordinances of where your properties are located, the need to know how to maintain tenants for long term occupancy or how to handle people. It's like buying a house but when you walk inside there are no walls, no furniture, but an empty shell. Sure you can live there, but it's not going to be easy or fun and definitely nothing you expected.

So, when do you feel investing in your business ends? The answer is NEVER! Since I began in this business, I have purchased every book that I can possibly buy then and now. Anything I buy for the business is tax deductible. Not every book out there will answer your questions or give the best advice, but even if only one paragraph from each book triggered an idea of how to be better in that business, then whatever I paid for the book was worth it. And every book I purchased always had at least one paragraph in it that gave me an idea! So every book I purchased was worth it.

Whether you have one property or 1,000, because this is a business, you need a good financial software program. Some people use Excel or other simple spreadsheets, but they're just ledgers on a computer. It may do the trick, but it's not going to generate professional looking reports to give to your CPA or your tenants or even for yourself, or a new buyer when and if you decide to sell. Always think of the future. Can someone else figure out your book work if something happened to you? Once again, how far will you go?

I have file drawers up the ying yang. I have file drawers for properties, for mortgages, for tenants. I have file drawers for work orders, for vendors, for handyman. I have a big file draw labeled "State Law". It is jammed packed with City Ordinance information for my properties, and Tenant/Landlord law. I have a file drawer for "Past Tenants", and a regular check file drawer, from Staples, for my canceled checks, and a file drawer called Legal Forms. It is filled with quits, summons & complaint forms, judgments forms, default forms, health hazard forms, escrow forms, etc.

Everything is labeled and filed alphabetical and anyone, and I mean anyone, could come into my home office and take over in a minute if something should happen to me. But not only that, when one has a good filing system in place, it is easy to gather evidence together when going to court to prove a case or to satisfy a disgruntled tenant.

Being well organized has enabled me to never lose a case and win cases that many people thought I'd never win. It took time and effort to get this organized, but once again my time and money to be organized was a very good investment that has paid for itself many times over as I not only win my landlord/tenant cases but I've won cases against the City and one of the utility companies as well.

Whatever I do in this business is an investment and that includes how people view you. To make sure courts and tenants and the public view me in a good light, (word of mouth goes along way). I make sure that everything is done professionally. I use letterhead...always, using my company logo which is just a dba name (doing business as). I always answer my tenants in writing and ask them to do the same. I document everything that I do and what anybody else does! No matter how trivial. I also have an online phone called "Vonage" which keeps track of incoming and outgoing calls. (So, I have records of phone calls tenants or vendors or workers have made to me and I made to them). Plus my phone bills dropped about \$100 a month because I no longer use a land line.

I take pictures of everything before a tenant moves in and that includes light bulbs, toilets, floors, every nook and cranny. If one were to look at the pictures they would think it was silly because all they would see would be things like door knobs, doors, blank walls (freshly painted of course) faucet handles, toilet handles, etc. But once again, everything I do is an investment and I never view it as, "extra work that's imposing on my time, or more money nickle and diming me to death" etc. Everything I do. Every penny I spend, every minute I devote, is still investing in my property and my business and my future.

I do a lot of things to go the extra mile in this business. Still investing. I mail out bills to my tenants 10 days before their rent is due, for rent that is due. That means I am investing more time. Plus I'm investing money into office supplies. I have a printer that prints out my envelopes and my letters which uses ink. So that's an investment. I use stamps.com to mail anything I have and that costs money not to mention the stamps. But this is investing. Remember I am investing in my "good name" my credibility, to the public, to the tenants, to my CPA, to a new buyer, to the media! Whatever I do now reflects my future and what people think of me. But the most important person I want to impress is the Judge. The more professional I am, the more he or she is impressed and shows respect to me. And that is a very good investment!

Whenever I hear others say, "Oh I'd never bill my tenants for rent that is due, my tenants know when it's due." Or "That's a lot of work and costs money", I think to myself, and wonder, why as an investor, do these people want to stop investing just because the physical structure has been purchased or built? Don't they realize that is only part of the investment process in regards to this business? Now one must invest in maintaining their investment. And you do that by doing things to show you are a business, a professional, and not just a typical landlord that doesn't know anything that the media and courts like to portray us to be!

So....how much time and money do YOU feel is too much to invest in your company? Do you think it just stops once the rental unit has been rented? Or would you go the extra mile to invest a little deeper. I call them the "hidden investments" - (the behind the scenes operations of maintaining your investments not only for now, but for the future). If something happened to you, could someone else take over without a problem. Could your wife? Could your husband? Could a new owner? Maybe another question to ask would be, "How easy is it for you to find things? To prove your case in court? To answer a tenant's questions with facts and proof?"

Protecting Yourself at the Property

While working on properties, what do you say or not to say to neighbors and passers by? Most of the time when you are rehabbing your property, neighbors or passers by will ask you if you are renting or selling the property. If you say you are renting the property, some might ask you if they can see inside the property. I'd say about 95% have good intentions on possibly wanting to rent your property, the other 5% (especially, but not limited to, areas that are predominantly renter - occupied or low income housing) may have bad intentions.

What could be their bad intentions? Seeing what you are putting into the property so they can come back later to rip you off. Checking to see what kind of tools are on your jobsite such as a break, table saw, etc. Looking for an opening such as an old basement door lock or a rotted door frame or something that you have not repaired yet to sneak their way in through later. Or the worse case scenario, sweet talking their way into your property, then pulling a gun and robbing you!

How can you know which 5% are the ones that are up to no good? How can you prevent them from entering your home? It's easy... The answer to the question of "Are you selling or renting?" is "I'm just working on the place". You are more likely to attract trouble (even get robbed) if you're telling the whole neighborhood that you are the landlord.

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