

Investment or Hobby? Going the Extra Landlord Mile **by Jeffrey Taylor**

Do you view landlording as a job or as a hobby? Do you view it as a “true” business? It amazes me to learn 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 ropes - the 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 or furniture, just 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 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 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 1000, 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 a new buyer when and if you decide to sell, or even yourself. 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 and handymen. I have a big file drawer labeled, “Michigan Law.” It is jammed packed with City Ordinance information for my properties and landlord/tenant 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 and complaint forms, escrow forms, etc. Everything is labeled and filed alphabetically and anyone and I mean *anyone*, could come into my home office and take over in a minute if something should happen to me.

Not only that, but 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 in order 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 of Detroit and one of the utility companies as well.

Be Professional

Whatever I do in this business is an investment and that includes how people view me. To make sure the courts and tenants and the public view me in good light, (word of mouth goes a long way), I make sure that everything is done professionally. I use letterhead, always, using my company logo which is just a dba (doing business as) name. 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 call "Vonage" which keeps track of incoming and outgoing calls so I have records of phone calls from tenants or vendors or workers; calls I made to them and calls they made to me. Plus, my phone bills dropped about \$100 a month because I no longer use a land line.

Pictures

I take pictures of everything before a tenant moves in and that includes light bulbs, toilets, floors, every nook and cranny. I once 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 freshly painted walls, 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 nickel and dime-ing me to death. Everything I do; every penny I spend, every minute I devote, is still investing in my property and my business and my future.

Going the Extra Mile

I do a lot of things to go the extra mile in this business. 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 and to the media. Whatever I do no 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? How easy is it to prove your case or to answer a tenant with facts and proof?"

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