



15 Tips for “Smart Landlording” by Teresa Billingsley

Are you new to owning rental property and do not have a clue how and where to start? Or are you a property owner who has been in the field awhile and are seeking suggestions how to improve on your business and make it more profitable and productive? If you fall into either of these two categories, then the information you are about to read will be of great benefit to you. If you exercise wisdom and develop fifteen areas involved in the process you will avoid many situations that could have otherwise lead to headaches and lawsuits.

1. Educate Yourself

Learning should be an ongoing process. As legislation and rules relating to our business are constantly changing, we need to adapt and change with it. Our best resources for training material are the Apartment Owners Association of California (AOA), Fair Housing, City Hall; the Chamber of Commerce, the internet; landlord/tenant question and answer sites, books with forms and easy step-by-step instructions written by reputable lawyers or other professionals who have been in the business a long time, attorneys, networking with other property owners, advice hotlines, and seminars and conferences. If you join a good apartment association, they can provide access to all of these resources.

2. Create an Application Procedure

This provides directives to warn prospective tenants what will delay, impede, and cancel the processing of their applications. For example, incomplete or illegible applications are problematic and will waste time if you allow them to. Other issues you want to address are to advise prospective tenants that anything submitted will not be returned, so it is wise not to give you their original and only copy of something. It is the applicants' responsibility to contact their references and tell them to avail themselves to you and your staff. Their authorization gives you permission to verify their information in person, by mail and phone; how much you charge for credit checks or application processing and what is refundable or non-refundable.

3. Develop and Adhere to a Resident Selection Criteria

Basically, it is your written policy that clearly lays out who you accept and reject, how they qualify and what will get them denied.

Your resident selection criteria and application procedure, if well written and conforms to the law, is your best deterrent for scammers. As long as they are followed, these active set of rules reinforce the notion that you treat everyone equally.

The landlords who don't keep up or stay current by using these documents become the ones who are vulnerable to professional tenants looking for an easy mark to take advantage of. Plenty of landlords open themselves up as prey, and con artists would rather go to them than deal with you if you present yourself professionally. So consider it a blessing when these people do not return or want to complete an application.

You are highly susceptible to accusations of discrimination without both of these documents. If you are ever investigated for discrimination, these are two of the first things requested of you and if you do not have them, it makes it more difficult to dispute the allegation. An unwritten policy is easier to challenge than one you supply in writing to all applicants and follow routinely.

4. Perfect Your Advertising

Did you know that there are many words that are still commonly used in ads that are considered highly prejudicial and discriminate against protected classes? Contact your local Fair Housing office and obtain the list of these words and other free pamphlets and flyers they have available to help educate you. You must treat people the same and with the right arsenal of knowledge, you can steer clear of lots of problems.

Do not promise something you cannot deliver, it is false advertising. I was thrown aback reading an ad last week that offered "crime-free" and "nice, quiet neighborhood." These are things you have no control over and it provides an expectation to the renter who will try to withhold rent because their car was broken into or because a neighbor's dog barks too much. *That is ridiculous* you may say, but tenants are constantly scheming and trying to find ways NOT to pay you and live in your place for free. Make sure your actions don't contribute to their plan.

5. Be a Polished Professional

Help guide your applicants and tell them what to bring. You do not want to waste time so it is to everyone's benefit if you tell them what they need and approximately how much time they should anticipate it will take to see the property and complete an application.

Do not rush; take your time to do it right. Look for inconsistencies. All intended occupants are to show up for you to meet in person, and every adult and emancipated minor must complete an application and pay the application/credit check fee. The names of all occupants must be listed on each application, so there is no question as to who will be allowed to live there.

If anyone needs a translator, they are responsible to provide one with valid photo identification to sign the application or another paper stating who they are and for whom they translated.

6. Invest in a Good Camera/Video Recorder

It is highly recommended to record the conditions of your property before and after someone moves in. The ability to save a large volume of pictures on a memory card or flash drive is so inexpensive that there is no excuse to not do this. Judges are becoming less patient with property owners who fail to take simple steps to prevent the "she said-he said." Photos along with a move-in/move-out checklist signed by you and the tenant make it clear as to the condition of the property before and after ones tenancy.

7. Document, Document, Document

Keep good notes during each phase of processing the applicant. Unless you have a photographic memory, it is difficult to recall what was said, action that was taken, and reasons why you rejected an applicant unless you have kept a paper trail. Another issue often overlooked is to get into the habit of sending a rejection letter.

Use your resident selection criteria, application procedure and tenant rejection notice to legally reject people because you can also be sued if you fail to deny an applicant legally. *[AOA's form 140, "Notice to Rental Applicant" should be mailed to all applicants who are rejected, stating your reason(s) why. Members can download this form online for free.]*

8. Exercise Thorough Techniques During the Investigative Period

Due diligence is lacking in this business, but there is no excuse to be sloppy. It opens the door for litigation from professional tenants. They know the rules better than we do and we need to change that. Stop being lazy and visit the applicants' current residence where you may discover crucial information you need to know. Is the address even legitimate? How well are they taking care of the place they reside in now? What do their neighbors say about them and are they happy the applicants are leaving?

Call all the references and test their truthfulness. Change a piece of information you read about the applicant and see if they correct you or go along with the distortion. For example, "He says you are his cousin he has known you his whole life." In actuality, the application may truly read the reference is a former co-worker he has known three years. Assess the credibility of the references and see how honest they are.

9. Use a Well-Rounded Lease/Rental Agreement

Not all leases and rental agreements are created equal. You want one that is up-to-date and addresses all your concerns. This is the deciding factor on all the terms of your landlord/tenant contract. Does it address subletting, jury trials, put a cap on attorney fees, have a smoke-free stipulation if required? Does it address mold, lead-based paint, parking, when rent is due, late fees, occupants versus visitors, how to end the tenancy, security deposits, noise, pets, criminal activity, or circumstances specific to your situation, property or area? Choosing an out-of-date rental agreement could be a costly mistake.

10. Send New Tenants a Welcome Letter

Use it for a two-fold purpose. Welcome them with a small gift and remind them of pertinent stipulations in their lease (when rent is due, where to send payments; to report

repairs in writing, etc.). Most renters seldom read their contracts after signing them unless they are looking for clauses to get out of their agreement.

A short letter can go a long way to helping them feel comfortable and encourage them to stay. A gift of address labels or twelve months of self-addressed, stamped envelopes may provide an incentive for them to use those handy labels and envelopes, and stick around long enough to get more. It also serves as a convenience and extra boost that saves them time and money to get their rent checks in to you early.

11. Make Necessary Repairs and Handle Complaints in a Timely Manner

It is not uncommon to receive calls for repairs the first month, especially for units you never resided in. You have no idea what repairs the prior tenants may not have reported to you until someone else moves in and discovers them.

Also, hire professionals who mirror and follow your company code of ethics and conduct; will not steal or tamper with tenants' personal property, flirt or annoy them, make a mess the residents have to clean up, and be rude or noseey.

12. Join the Apartment Owners Association (AOA)

This organization has access to legal advice, up-to-date forms, a team of advisors who are able to answer your questions, a monthly publication with pertinent information, ongoing free educational seminars, training classes, low-cost credit and eviction checks and people who know the business well in all avenues of the trade we are in. They can even save you money on Workers' Comp insurance with their member group policy. This is a wealth of resource to have behind you for only \$79 a year.

13. Create and Implement an Evaluation Form

Thank your tenants for staying and ask them how you are doing. I like the form to address all the most common excuses tenants try to use in court as to why they stopped paying their rent (issues involving their safety, privacy, attention to their concerns, repairs, courtesy, and comfort).

Good evaluations hinder them from going into court and effectively complaining what a dump you have and how you never made the repairs they reported. If they ever tried, you could whip out the evaluations and say, "Oh really? Your honor, we strive to treat our residents well and equal. It is our policy to ask them to fill out evaluations and he was always happy with the place. He even said he would refer other tenants," and then hand the judge your evidence.

14. Decide Between Nominal Fees to Reward or Expensive Legal Costs

How would you like your time and money spent? Do you want to pay for costly letters; attorney fees; court costs; collection and recovery expenses; to serve notices; make repairs, advertising; interviewing prospects; and waiting for court dates while they live in your place rent-free and cause aggravation and damage?

Or you can try an alternate route many landlords fail to consider - why not go out of your

way to keep your investors happy. Set your rent at competitive prices, they will see that they have a great deal where they are. Respond to complaints and make repairs in a timely fashion and be better than the norm and an asset to the profession. Fix it so that any reasonable person would be out of their mind to want to leave.

We own a business and they are our customers. When tenants call, ask yourself, "Is this a reasonable complaint? How would I want to be treated if the situation were reversed?" and handle it accordingly.

Offer incentives for paying their rent early or on time. Give them gifts for being a resident in good standing every six months or yearly - you decide. Have a monthly drawing at no cost to them with all the names of tenants who paid rent early or on time. Get creative - you can come up with all kinds of ways to stimulate morale and encourage them to pay rent early or on time and want to stay. Happy tenants who remain in your rentals save you much aggravation and costs.

15. Avoid Unnecessary Move-Outs

How do you want this arrangement to end - on a positive or negative note? It is up to you. Whatever you do, follow the law or cases you may have otherwise won may cause you to pay punitive damages. I operate under the motto, "Treat others as you want to be treated." Reasonable and responsible tenants have legitimate requests that should be honored. They want their privacy respected, a clean home, safe environment, peace, to be treated fairly and equally, to have their concerns taken seriously and pay affordable rent.

At the end of the day you should make it your mission to satisfy your customers (tenants), reduce the level of complaints, try to avoid taking court action, develop loyal/repeat renters, establish good rapport, prevent making mistakes that could be costly, stay abreast of new changes and trends and never be satisfied with the knowledge you have always being open to learn more. This trade is a great way to earn money if you operate with excellence and treat people right.

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