

The 5 Biggest Mistakes Made by Rental Property Owners

By Wallace S. Gibson

Just Looking in the Local Newspaper Classifieds for a Rental Rate

Prospective tenants have many ways to check comparable rental rates besides the newspaper – local property managers, Realtors or the internet listings. Property owners renting their own property need to check these sources in addition to the newspaper. Local Realtors can provide a list of rental rates – currently and past – for various areas, subdivisions and buildings.

For apartment rental rates, owners should check the internet listings as well as any local apartment association website.

Owners of single family homes should also check internet rental listing sites as these are excellent resources for marketing single family homes, townhouses and condominiums.

Listening to What Others are Getting for Similar Properties

While this information should be put in “the mix” in determining the properties rental value, there are often circumstances that are not relayed that could cause the information to be less than helpful.

A country property often reported as being rented for \$1,600 per month was, in fact, being rented in one year increments to residents new to the area who did not know that the property was over-valued. When the tenants determined they were paying \$200 per month too much, they quickly found other property as they no longer trusted the property owner. The rental property owner then had a vacancy and downtime which, in reality, brought his annual income to the market rate of \$1,400 per month which, if he had quoted this market rent originally, he would still have a tenant in residence and not had the hassle of multiple move-outs and the expenses of re-renting.

Vacancies are Bad

Planned vacancies are good. Vacancies allow for major renovations and repair projects – replacing a bathroom in a property with only one bath, rebuilding a deck/porch/patio, replacing carpet, refinishing hardwood floors or converting fuel sources (propane to gas).

Sometimes these can be done with a tenant in place; however, with a little pre-planning, a lot of hassles and inconvenience can be avoided.

Another reason is to put the property in the “proper rental cycle” for the area. Many rental markets are geared to the school year – either public schools or college or university – more prospective tenants are planning for September and October move-in dates and avoiding the “back to school rush” of late July and August.

Using a Poorly Written Lease

There are numerous sources for good lease documents including a low-cost computer program that can be purchased from Nolo Press (LeaseWriter) where the document can be formulated for the specifics of the state in which the rental property is located. Unless a lease is prepared for the specifics of the property or the desires of the rental property owner, the use of an attorney is unnecessary.

[AOA recommends using our association's Rental Agreement and or Lease for full protection. Members can download the form at www.aoausa.com , complete it online and add property specifics in Additional Comments.]

Not Checking All Prospective Adult Applicants' Rental and Credit History

This is the easiest part of the process and is most often the portion of the process that rental property owners are least likely to perform. Most state laws allow for the collection of a credit check fee to allow rental property owners to check a prospective rental resident's credit.

[AOA offers instant low-cost credit and eviction reports and members can obtain them by calling in or obtaining them online with our 24 hour online service!]

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