

MRLANDLORD.COM Tips on Management
Tips That Will Increase Your Chances for Survival as a Landlord
by Jeffrey Taylor

11 Ways to Determine the Rental
Amount When You Have an Upcoming Vacancy

1. If the vacating tenant has been a long-term tenant and you had a good relationship, simply ask him/her. I bet over the years they've followed the neighborhood and know from friends and fellow renters in the area. Also, they'll tell you if they think you can charge more or less. Feedback from your vacating residents should be ONE piece of the info you assemble to determine.
2. The quickest way to figure out the price is to put your tenant shopping hat on and start looking. I observe area rentals (signs, paper, etc.), see what they're priced at and watch to see how long they stay vacant. Many times, I'll even stop by to get up close to see the condition of the property, etc. In every case, one that is priced right and sits for very long will have "issues."
3. Other resources are property managers with rentals in the area who have websites and who know what they're doing. They make the most money by pricing at the top of market and usually have little interest in discounting unless a property sits vacant for too long. I usually price mine 2% to 5% below their prices. The caveat with property managers is that some have owners that force them to overprice. That happens fairly often but is usually pretty obvious.
4. Be careful not to use an apartment as a comp for a single family home (or visa versa). Instead, I'd try to find another single family home in the same hood to be your comp.
5. Maybe, there aren't any single family homes right now on the market to act as comps. But, were there any in the past few months or year? Is there a way you could track those down, by reviewing old newspapers or more importantly, your own notes where you keep neighborhood and what homes have rented for?
6. Check comps on craigslist.com.
7. Do you feel that your current long-term tenant was paying the market rate when they moved in? I believe that a general guide to rental increases should be 3 to 5% per year. Use this amount as a starting point. (However, in today's economy, the rule of thumb may not apply in many cities experiencing a large number of lay-offs).
8. Take a property manager to lunch. Maybe if you said the right things in the right way, over lunch, a property manager could give you their opinion, and maybe back it up with some comps that are currently rented and managed by them.
9. A trick I have used is to always set the rent a little too high. If the phone does not ring with decent quality renters, I quickly lower it \$50 to \$75 or so. If the phone starts ringing

then, you can be pretty sure that you have the right amount. If you find someone terrific and they tell you they would love your house but can only pay \$50 less than what you're asking, you can always say yes. Be flexible and listen for market feedback.

10. The key for me is not to wait until you get notice to vacate to begin your pricing research. Go through the rental ads from good sources weekly. That way you'll be on top of things when the time comes.

11. Don't be overly concerned with the best rent amount. Most importantly, keep turnover to a bare minimum. Lost time is more valuable than a slightly higher rental amount. This money can never be recouped. One lost month can cost more than leaving the rent too low. Advertising, curb appeal, repairs and even some painting can all be done during the current lease. It should only take a day or two, max for cleaning/painting once they leave. Play up the return of their deposit for super cleanliness at move-out. Remind your current tenant their lease ends August 31, not September 1st.

Build Value When Showing Rentals

When showing properties to prospective renters, it's important that you build value in the eyes of the prospect. The three main areas where you can build value are by:

- Building interest or excitement in the property,
- Building trust in you, the landlord or manager.
- Building a connection between the prospect and the property.

If you build each of these three areas, you WILL rent your property faster.

Get Rent Payments Without Having to Deal With Checks in the Mail

I give my tenants deposit slips for the term of the tenancy. Each slip is marked to identify the unit rented. I can then go on a trip and just check online who has paid rent or not and call those who may have forgotten. I have a dedicated bank account with a bank that has many locations around town. This gives the tenant the option of self-deposit of their check at various locations or to set up a direct deposit or use internet banking. No excuses for late payment due to check lost in mail.

I Love For Rent Signs!

Half of our customers come from signs in front of our rentals and half come from the newspaper (no Craigslist around here). We can tell when signs go up because the phone starts to ring. Isn't that what we want? When I hear some landlords talk negatively about "For Rent" signs and some unwanted contacts with current residents or phone calls they may generate, I hear a lack of systems to handle responses or phone calls, not a sign problem. Find a way to handle those calls - voice mail or a second cell phone for \$10/month with an outgoing message about the home, or your website.

Our method is that we never answer the phone. ALL calls go to a voicemail with descriptions and prices. Prospective residents can drive by and apply without talking to

anyone. We return their calls with our script "Are you working..." If your sign is attracting the wrong "element", you need a sign that works FOR you.

Put more information on the sign so they don't have to call to find out the price or number of bedrooms. Are all Realtors wrong (with their use of signs)? Neighbors refer their friends or themselves. People who drive by that area might want to live there. If your place is nice, they might just be waiting for an opening. (I just stopped to look at a Mercedes because the guy had a for sale sign in the window.) I offer my residents a referral fee if they help me rent the home. They LOVE to show it for me! They'll run out to the yard and bring the people inside.

7 Tips Before Turning Over the Keys to the Next Resident

1. Take several pictures of your property with a digital camera. Pictures are free unless you print them. Only print the ones you actually use or need.
2. Verify everything no matter how nice they seem.
3. Don't ever allow a tenant to move in before the unit has been cleaned - even if the new tenant offers to clean it
4. Never leave utilities in your name unless you have to.
5. On lease signing day, give your tenants 12 months worth of stamped and addressed envelopes for rent payment. All my tenants say how helpful this was for them - just like a mortgage company (except mine have a stamp).
6. In case residents lose your self addressed envelopes, slap an address label on the inside of a wall mounted kitchen cabinet. The address being where you want your rent mailed to. Usually best in the cabinet closet to the land line phone plug.
7. Tape the paint chip, complete with paint name and barcode, on the inside of the light switch cover - now when you need to order more paint that's a specialty color, you can remember what it is!

Three Tips That Will Increase Your Chances for Survival as a Landlord

1. Learn your state laws and local codes. There's a good chance your tenants will know them, so it's always in your best interests to learn them before you find out the hard way that you've been violating one of the laws.
2. Don't wait to start a non-payment eviction. If they come up with the money then you can stop the eviction. However, if they don't you won't have wasted anymore time tan necessary.
3. If you find yourself talking too much with family and friends about your problems with a resident, that's a red flag to you - get rid of that tenant.

Turn Your Garages in to Extra Income

When dealing with a detached garage, I do not automatically include the garage as part of the "standard rental package". I give residents the option of renting without the garage or paying extra to include the garage (\$50 to \$100 extra per month). Or, go a step further and do as my colleague George Skidis suggests, see if zoning for the area will allow you to convert the detached garage into an efficiency apartment. And if you have an attached

garage, convert them into an additional bedroom. You can almost always get more rental income from having additional bedroom rather than a garage.

These tips are shared on MrLandlord.com website and in the Mr. Landlord newsletter from website contributors, Jeffrey Taylor (founder) and real estate authors featured on the site. To receive a free sample of the Mr. Landlord newsletter, call 1-800-950-2250 or visit their informative website at MrLandlord.com, and learn how you can receive a free landlording book.