

How To Get More Income From Your Rental Property

By Louis Brown

As a national speaker on the subject of property management I get to talk to a lot of landlords. Many of them have purchased a collection of properties over the years and enjoy the fruits of long term holding through the pay down and payoff of their mortgages as well as the appreciation of their properties.

Most of them see themselves as passive landlords who sometimes struggle with tenant and property management issues. Some struggle with collections, letting tenants pay late and slide by on late charges. Some struggle with raising rents in fear that the tenant will move out and they will then have to deal with the vacancy. Others don't react when a tenant allows extra people to move in and some close their eyes when the tenant moves in animals. They have not realized an important fact. They are in the business of property management.

Proper property management requires that the landlord have an IRONCLAD Lease or Rental Agreement and that it is enforced to the letter. Most of us are human and have a soft spot for other humans. What you don't realize is that people are not human...they are alien beings from another planet! They don't think like we do. They don't tend to have the same values. They don't tend to care how well your property is taken care of. In order to be a good manager you have to set proper criteria for management, follow it to the letter and enforce the provisions and protections provided in the rental agreement.

Good property management requires:

1. A good "Application For Rental." I get one for each adult resident, so I get full data on all the occupants.
2. An even handed "Application Evaluation" of that application. Fair Housing Laws put landlords at risk. So that you are not accused of discrimination it is wise to set down a list of the things you verify and scoring system based on the answers to the verifications.
3. A strong "Rental Agreement" with penalties for non-compliance. My agreement provides a discount for prompt payment. If the tenant is late paying the rent they lose the discount and must also pay "additional rent" for each day any outstanding balance remains unpaid. Many landlords don't realize they are in business and should have profit centers like other businesses. Blockbuster Video makes more money from late fees than from any other single source of revenue. A hotel doesn't just rent rooms, they sell newspapers, charge for phone calls, collect for drinks and snacks, rent meeting space, sell food, charge for movies, etc... why should we landlords be different? I charge Pet Fees, Pet Rent, Extra Person Fees, Collection Fees, Bad Check Fees, Early Termination Fees, and more. We find that the extra cash flow provided by our fees gives us the equivalent of another house income with no mortgage to pay, no grass to mow and no painting needed. All of the fees are outlined in the Rental Agreement and we go over them in careful detail at our "signing ceremony." (See article on page ____ regarding late fees.)
4. A Federal "Lead Paint Disclosure" and a federal pamphlet "Protect Your Family From Lead in Your Home." Both of these are required for all landlords with four or more units on pre 1978 housing. To be on the safe side, we give them to every new tenant regardless of when the property was built.
5. A thorough "Move-In Inspection Report" disclosing all the warts of the property. A burn in the carpet next to the fireplace, slight tear in the vinyl in the kitchen, doorbell doesn't work, etc... No matter how badly the tenant damages the property, without proof of the condition at the time of move-in most judges won't award any damages. This report, signed by the tenant(s) is your proof-photos and videos are also admissible in most courts, but without the signature of the tenant, admission into evidence can be contested.

Louis "Lou" Brown has become famous for his cutting edge techniques in property management and collection. Visit his website at www.louisbrown.com for more money money-making ideas.

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