

Ask Dr. Cash Flow
Five Mistakes Landlords Make – Just Say No!
by Nick Sidoti, R.A.M.

Q: Dear Nick: I've been reading your column and find it very informative. You seem to be a person who has learned the same way I have, through the school of hard knocks. One of the things I like about you is that you are willing to admit that you have made mistakes and you are willing to help others avoid learning the hard way. If you had to pick the number one thing that is the most avoidable mistake a property owner can make in managing his property, what would it be?

Landlords, in order to avoid a vacancy, will give possession of their rentals to perspective tenants who turn out to cost them two, three or four times what it would have cost to leave the property vacant for a month.

A: The number one mistake I see property owners making over and over is not being willing to leave their rental units vacant. No, that is no a typo. I'll say it again ... the number one problem property owners have is not being willing to leave their rental units vacant. What I mean by this is much too often, landlords, in order to avoid a vacancy, will give possession of their rentals to perspective tenants who turn out to cost them two, three or four times what it would have cost to leave the property vacant for a month.

1. I've said it over and over again the number one problem in property management is fear of vacancy. If we were not afraid of vacancies, we would not take trash with cash or worse yet, trash with no cash. We would not put up with tenants who were willing to give us grief. Sometimes a whole neighborhood can change because one landlord is unwilling to let his unit stay vacant for a month while he finds suitable tenants. It is clearly the number one problem and it is clearly avoidable.
2. Give their tenant their security deposit back before they move. I know, they said that they need the money for their next apartment or for moving. Is that your problem? No, but it *is* your problem when they drop the refrigerator down the stairs and through the door and have no money to fix the damage. It *is* your problem when they leave the place without cleaning it. It *is* your problem when they stay an extra few days because the new place isn't ready yet.
3. Give the keys to someone before you have their check cleared. Is their need to move right this minute your problem? Of course not. But, it *is* your problem that their check doesn't clear and it takes you three months to get them out, fix your place and find a new tenant.
4. Let a tenant move in before you have all of the necessary paperwork signed and in hand. Is it your problem that their cosigner hasn't sent it back to them yet? No, but it *is* your problem when you never get the paperwork back and the tenant refuses to sign and refuses to pay.
5. Let pets move in without a large pet deposit. Is it your problem that Fido needs a home? No, but it becomes your problem when Fido eats the cabinets, ruins the hardwood floors and chews a hole in the carpets.

It is much harder to live with mistakes when you knew better, but made them anyway. Most of us wouldn't consider taking the chance of letting our car insurance or fire insurance lapse even for one day. When we don't follow our own rules, we have a lapse in our income protection. Just say NO!

Nick Sidoti, R.A.M. is a registered apartment manager, licensed real estate agent, investor, lecturer, author of several real estate courses and President of the Western NY Real Estate Investors. For information on his courses or to submit questions for Nick's column, please email drcashflow@adelphia.net or visit www.drcashflow.net.