



8 Tenant Tips for Highly Successful Landlords

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Website: www.revnyou.com E-mail: info@revnyou.com

Handling Tenants

Property management is an entire course unto itself—it's also something that we don't consider ourselves experts at. We can tell you way too many stories about what not to do because we really didn't think about what we were getting ourselves into at the beginning. Some things we did right instinctively. For example, when we purchased the Toronto triplex that had tenants in it, we quickly arranged to meet with all of the tenants and get new leases signed because we were never given copies of the old leases. This allowed us to confirm the rent amounts and be sure we at least had a good handle of who was living in our property. In the next couple of pages we'll cover off the Top 8 list of things to do or not to do once you've got tenants for your new property. But, if you're serious about being a property manager, we highly recommend you pick up a good book on the subject, learn the landlord and tenant laws for your area, and find a good handyman (if you aren't skilled to do basic repairs).

A good book to read is:



Property Management Kit for Dummies by Robert S. Griswold

(It's got a CD of resources as well as covers every detail you'll need to know starting out. It's more suited for Americans because the terms and laws discussed are all U.S. but the general concepts are applicable to any landlord)

8 THINGS TO DO (OR NOT TO DO) AS A LANDLORD:

Number 1: The tenant walk through

It's important to have the tenant sign a tenant walk through document both upon move in and move out. You could also take photos or videos of before and after to show the condition of the unit—you could have the tenant in the picture for the before condition if they are willing. You cannot charge a tenant for the normal wear and tear that will occur when they live in the property, if anything is badly damaged you can usually take that out of their security deposit. In some places you do not have security deposits (in the province of Ontario, for example) and you would be forced to try and go after the tenant for the damage in small claims court. If the damage is extensive, it's worth it, but if it's simply a matter of a hole in the wall that can be repaired easily, it's easier to just fix it.

When you and your tenant do the walk through it is a good idea to review the rules of the property as well. Things like no smoking in the common areas of the property, or where bikes should be stored are acceptable and reasonable rules. Your rules need to make sense and be enforceable.

If you've allowed pets, you may be taking an extra security deposit for the pet (we call it a pet deposit). You may also wish to have some rules for the pets. For example, all pet waste must be cleaned from the property immediately. Or, pets may only be outside on the property when supervised by a person.

Number 2: Automate rent collection

Cheques are so 1990s! We still collect rent using post dated cheques. However, we collect rent through e-mail money transfers as much as possible. You can even accept rent through Paypal if you want! Cheques take 3—5 days to process in your bank account most of the time so an e-mail money transfer that hits your account as soon as you click the link is much better and more efficient!

Paypal provides a secure way to accept visa or mastercard as well as direct deposits. Paypal does charge a fee, but it might be worth it.

Of course, you can still accept cheques, just make sure you get 12 post dated cheques when they sign their one year lease.

Provide a written receipt for every rent cheque if possible. An e-mail will be sufficient these days, but some people may want more formal receipts. You can go to Office Depot, Staples or any other stationary store and buy a receipt book. Make sure you purchase a receipt book with a carbon copy so you both get a copy of the receipt!

DO NOT ACCEPT CASH!



We highly recommend that you make a strict policy against accepting cash - especially if you have someone else collecting the rent in your place. In the event that you have to accept cash, make sure you keep a very clear record of when the cash was paid and the amount, get the tenant to initial the receipt and then give them a copy. If you can consistently show excellent record keeping, should a dispute arise you will be able to prove that you keep careful track of cash in and out.

Cash is also a common currency of tenants who are looking for properties to conduct illegal activities in—such as drug grow ops!

It also worth noting that collecting cash can be dangerous. If you are collecting three units worth of rent each month in cash, you will probably be walking around with \$2,000 or more in cash! If a “bad guy” figures this out you could be a target to be robbed! Good records aside, it's just not a great idea to be a walking ATM.

ONE MORE THING ABOUT RENT: *Before you let your tenant move in, make sure their cheque clears!*

Number 3: Act immediately on ANY issues

Even with prompt responses to all of the issues we encountered with our unruly tenant, it still took us nearly three full months to evict her. Laws are different everywhere, but it's better to build a file of quick notices than to let anything slide.

If a tenant is late paying rent, file a notice of non-payment of rent immediately. If there's a tenant disturbance make sure it's noted on record and warnings or whatever documentation that needs to be filed with the local governing body is done.

If you can show that you're always following the law to the letter and acting reasonably and responsibly then your case will be much stronger if you ever have to go to court. Remember, as a landlord, you're already at a disadvantage in most places. Tenants will almost always have the upper hand so do what you can to strengthen your side.

Number 4: Be careful when accepting partial payment of rent!

Once again, check the laws in your area, but let us tell you about the situation we had with the knife wielding tenant:

When her roommate moved out on her and left her with the entire month's rent to pay, she continued to pay half a month's rent which was what we'd been collecting from her before. The first month we made the mistake of taking the rent from her. In that case, the non-payment of rent notice we'd filed became void because we'd collected a partial payment.

The next month we refused partial payment and could legitimately file a non-payment of rent notice and begin to claim the half month rent we were out from the month before. But, had we had to go to court over this issue we would have had problems supporting our case because we used to accept half from her and half from the former tenant.

To avoid problems like this completely:

- Only under special circumstances should you allow two roommates to pay you separately. Ideally, you should have them work it out between themselves and accept one unified payment only.
- If a tenant tries to pay you half a month's rent do not accept it until the rest of the rent is available.

Full disclosure: We accept e-mail money transfers from our tenants in Toronto. Because there are limits on the size of transfers that some banks will allow we accept partial payments every month! We know the risks but we've also done very thorough checks on these tenants, and in some cases they are friends of ours, or friends of friends. That isn't to say that we are safe in doing this, it's just to say that we do it knowing the risks. We just didn't want you to think that you should NEVER do this. In some instances you may prefer to take a partial payment and run the risk.

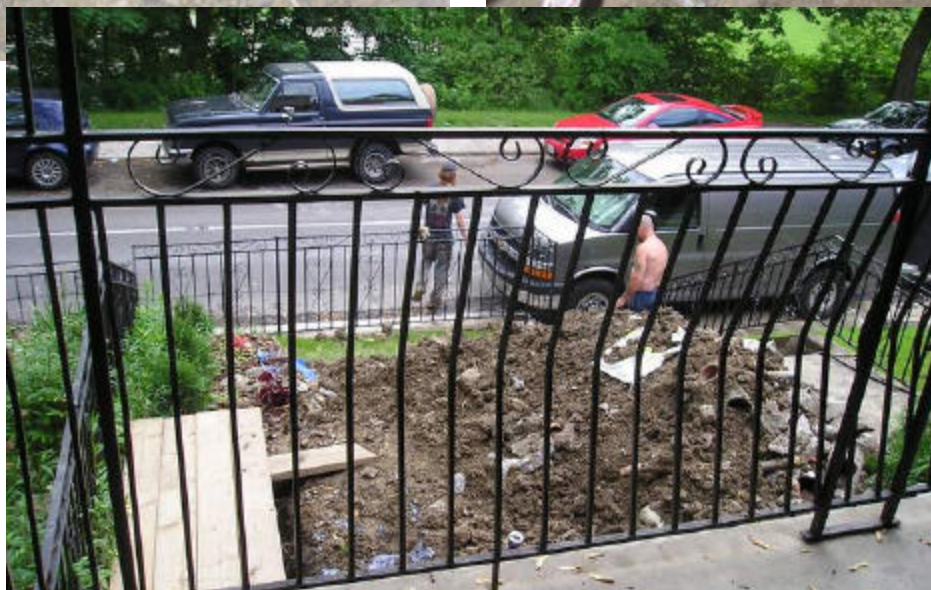
"It is a great skill to know how to guide your luck even while waiting for it."

- Baltasar Gracian

Number 5: Respond quickly to maintenance requests

In that same triplex a year later we had a nice new tenant named Tyler. One day Tyler rang our doorbell and said that the sewage was coming up through the drain in the middle of the floor. When Julie asked some questions she learned that it had been happening for awhile but it was never, um, brown before. The tenants had just been mopping it up. But, this time it was smelly and well, you know what we're talking about!

Julie rushed to action, and had a plumber out immediately. Unfortunately, the problem was worse than we could have imagined. The pipes had totally disintegrated and had been replaced by tree roots.



The entire front yard and half of the basement unit needed to be dug up to replace the tree roots with pipes. It took 3 days to do the work and then several days after that to get things looking good again!

As soon as we found out what had to be done we arranged for our tenants to be put up in a nearby hotel. We knew they weren't really friends and would prefer their own rooms so we went the extra mile and booked them each their own rooms. Even with a good deal that Julie's Mom got for us through her travel contacts (Julie's parents own a bed and breakfast), it still cost us nearly \$600 to put our tenants up in a hotel for a few nights. And, we gave them a gift basket of goodies when they could finally move back in.

But, because we acted so quickly and did whatever we could to reduce the inconvenience on our tenants, they actually bought us a gift certificate as a thank you!

Of course this was a very pressing problem, but it goes for any complaint. Complaints that impact enjoyment of a property like hot water, heat, and safety related issues like windows and doors are critical to respond to immediately. All complaints should be taken seriously and addressed. That doesn't mean you have to do everything a tenant asks of you, but it does mean that you need to acknowledge their request and explain to them what you are prepared to do.

Remember—this is a business and you are a professional!

Number 6: Communicate with your tenants

Today e-mail makes it very easy to keep your tenants up to date on anything like upcoming maintenance or even changes to garbage pick up. Make sure you communicate with them when it's necessary, and if you do send e-mail don't assume they get it. If they haven't responded, give them a call to make sure.

Communicating with your tenant goes hand in hand with respecting their privacy as well.

Number 7: Respect your tenants privacy

As much as you feel like it's your place, you should not enter the premises without giving the tenants at least 24 hours written notice. If you know you will need to get in there next week, it's not a bad idea to give your tenant some advanced warning!

24 hours notice is law in most places, but it's also just common courtesy. And while we encourage you to come up with reasons to check in on your property several times a year you should never do so unannounced (we live in Vancouver where marijuana grow ups are common and they are devastatingly damaging to a property so you want to take precautions to ensure you don't become a victim of this).

Simple things like semi-annual battery checks on fire detectors, or furnace filter cleaning will be good reasons to go into your property a few times a year—just be sure to tell your tenants why you want access and when you will be there.

In the event of an emergency—for example a fire or a gas leak—if you have to enter the premises make sure to let your tenant know that you were there. Call and e-mail them to let them know you are doing it and why. Then leave them a note saying the date, time and reason why you were there.

Number 8: Roommate swapping and long-term visitors

Here's where things get tricky if you aren't around your property very often... but it's an important point—only the people on your lease should be living there. If two roommates are not getting along and one of them gives notice to leave, then that notice is essentially effective for both tenants.

Do not return the security deposit of the departing tenant. This notice is termination of the contract, so you need to terminate the entire agreement and start over. You can discuss options with the remaining tenant but basically the choices are:

- Both tenants move out
- The remaining tenant take over the lease themselves and pay the full rent
- The remaining tenant find a new roommate that must be approved by you and then get a new lease signed.



Under **NO** circumstances should you ignore roommate swapping. Everyone living in the property **must** be on your lease. If a new tenant is going to move in, make sure you go through the tenant screening process and do not hesitate to say no. Letting a bad tenant move in with a good tenant could be a very costly decision. We know!

The same goes for long term visitors. But, this is difficult to determine if you aren't around very much. The only thing you can really do is put a clause in your lease that visitors that are not permitted to stay more than 14 days without the written permission of the landlord. We've seen clauses as short as 7 days, but if your tenant's Mom from Egypt comes over for a month to visit, are you really going to file a complaint? Whatever policy you choose, make sure it's one that you will be able to enforce.



Again, it's important to contact (or go to the website of) your local residential tenancy branch and ask for a copy of their rental agreement or lease. If they do not provide copies to landlords, you should ask them where you can find one that's legal in your state or province. This is where working with a professional property manager comes in handy as he or she will have a standard, legal document. However, if you are self-managing, you'll need to determine where the best sources are to obtain such documents.

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