

Mind Your Business - Tia's tips for better rental management

Tenant Blackmail: How stupid mistakes can cost you!

By Tia Politi, ROA President

I have an acquaintance who leased one side of her college-area duplex to a group of college women. All seemed fine until one of the ladies asked for a light to be installed in a certain outdoor location. My friend declined to do that as the lighting was sufficient and they had rented the property as-is, with no promises for upgrades. Her denial was met by a demanding letter from the father of the woman, who had researched her property and discovered that the house had been duplexed without permits. He threatened to turn her in to city authorities unless she did what they wanted (plus he added some things to the list). She felt she had no choice but to give in to the demands and bite her tongue until the lease was over. It was a very stressful year.

Another associate hired a couple to upgrade her rental home in exchange for rent. Once the work was done and the rent was to begin, the tenants threatened to turn her in to the city for the unpermitted work they had done as unlicensed workers, unless she gave them more free time in the property. She got no rent for a couple of months while she tried without avail to get them to move out, then hired me to evict. Once they were out they reported her to the city. The permits she had tried to get out of buying cost her more than double what they would have, which combined with no income stream and the costs of eviction, was not a good return on her investment.

One of our management clients has another rental property in southern Oregon that he manages himself. He had never given his tenant the handbook, "How to Protect Your Family from Lead in the Home," or had her sign the Lead-Based Paint Disclosure form. She discovered that if she turned him in to the EPA they would fine him \$6000 for that failure, and basically extorted a payment of \$4000 from him to settle the matter. What a bargain, he saved \$2000.

Other landlords have been "outed" on social media or You Tube by tenants who have secretly videotaped them or their maintenance workers behaving inappropriately while inside the unit or during confrontations.

With the advent of smart phones and social media, and greater levels of tenant education, perils for the unwary landlord lurk around every corner. Savvy tenants understand the law and may be watching and waiting for you to slip up. Remote cameras have caught many the landlord snooping around the house without having served a notice to enter. The penalty? One month's free rent for EACH and EVERY violation. And how embarrassed will you be when you are trying to evict for non-payment and your tenant requests a trial, counterclaims against you for unauthorized entry, and shows the judge a photo or video of you peeking in the window or acting like a jerk? Gosh, loss of income and public humiliation, what fun.

You are a professional: Be business-like

Watch what you say or put in writing to your tenants. Everything you ever say, text, email or write to your tenants - beginning with the ad for the property - could end up as evidence in a court case, so make every communication you have show that you are the most reasonable, courteous landlord on the planet, who scrupulously follows Fair Housing laws. Do not curse at or threaten your tenants when they behave badly; simply document their behavior with proper notices and proceed to evict if they don't change their ways. You will rue the day you gave vent to your frustrations over a tenant-caused problem

if you ever end up in court. When your tenant shows a judge your texts, emails or videos showing you acting nasty, it never, ever helps your case.

You are an investor: Be wise

If you think professional property management is expensive, try doing it yourself without learning how. Missing one form cost our client \$4000, so stay up to date on law changes. You are running a business and it requires a certain amount of education and attention to become and stay profitable. No news is NOT good news, so inspect your units regularly. Respond promptly to maintenance requests. Make sure that the vendors you are sending to do repairs are reputable and know how you expect them to behave while on your property. Get permits, and used licensed contractors for the repairs or upgrades that require them. Your tenants can't blackmail you if you don't give them the ammunition to use against you, so do things lawfully.

Your reputation & finances are at risk: Document everything

Whether you end up with tenants who deliberately sabotage the property then claim habitability issues or deny responsibility for damage they say predates the tenancy, you can protect yourself with proper documentation. With sufficient evidence, your tenant's claims can be successfully refuted in a court of law. Photos, videos, and written condition reports are invaluable, especially one the tenant has signed. Although property managers don't have time to do this, many landlords will do a walkthrough with the tenants on move in with a written report. They will note together any deficiencies or prior damage and both sign it. If you have the time for this, it is a good idea.

The bottom line with tenant blackmail is that it is totally preventable. Too many landlords just cross their fingers and hope for the best – not a good business plan. Take your time to get educated, and do things properly, and you will save yourself frustration, embarrassment, anxiety and money. If you can't, then hire a property manager. I hear all the time from landlords how expensive management is. Well, how much management would \$4000 buy? Or double permits plus penalties? Or damage to your career, life, health or relationships because you are trying to deal with too much?

This column offers general suggestions only and is no substitute for professional legal counsel. Please consult an attorney for advice related to your specific situation.