

MIND YOUR BUSINESS – Tia’s Tips for Better Rental Management

By Tia Politi, ROA President

Risk management for risky times...

Running a business is full of risks – kind of like the rest of life. Learning to spot potential risks and eliminate them can help you avoid trouble. From my perspective as a property manager (my nickname is, “The Voice of Doom” because I’m always pointing out possible problems to my owners), there are three major categories of risk for landlords – the property, the tenants, and you, the landlord!

Property risks run the gamut from the obvious to the barely discernible. Obvious areas of risk would include electrical, heating or plumbing systems in poor condition; windows or doors that don’t open, close or lock properly; rickety banisters; rotting deck boards; etc. In addition to providing a legally “habitable” property, Oregon Landlord Tenant law requires that a rental house must be, “...safe and secure for all reasonably intended purposes.” Because your house may be to code for the time it was built, doesn’t make it safe as a rental property. One of the issues I often see in older homes, are stair railings or deck railings that have six to nine inches of space between spindles, or fence boards with large gaps. Both of these scenarios could create a risk of injury to a toddler. “Well, my tenants don’t have small children,” you might say. Can you imagine that they have friends who do? Those friends may visit and their child could be hurt. Who will be sued for that? You guessed it! You! A less obvious kind of risk would include tripping hazards. Tripping hazards for city properties include not only your actual property but the sidewalk in front as well. Offsets in your sidewalk of more than ½ inch are violations of city code and tripping hazards. Don’t wait for a trip and fall followed by an insurance claim.

Tenant risks are more difficult to spot. There are people out there who we refer to as “professional tenants,” they come in many shapes and sizes, and can be a landlord’s worst nightmare. Folks like this can create trouble in numerous ways, and they often know the law better than you do. They can pressure you to move in before your property is ready then claim you rented them substandard housing; sabotage your property, then claim habitability issues; bring in unauthorized people or animals; rent under false pretenses to set up a marijuana grow; and the list goes on. At my last company, we took over management of a property where a tenant had brought in an unauthorized pit bull. The dog ended up biting and disfiguring the face of a neighbor girl who approached him. The owner’s insurance covered the claim, but it was a painful lesson for the owners who felt terrible about the injury to the girl, and saw their insurance rates skyrocket. An inspection could have revealed the unauthorized animal, but the owners were “too busy” to inspect.

How can you minimize risks in your rental business? The reality is no one can prevent all risk, but you should be proactive. Evaluate your property with a critical eye for safety hazards or hire a professional to do it for you; screen all tenants thoroughly; document the condition of your property prior to transferring possession; use all appropriate forms & disclosures; make sure all forms are signed by all parties; inspect regularly; take immediate action when you discover a breach of the rental agreement; don’t allow risky recreational items to be used on your property such as pools or trampolines; insist on screening the animals you allow in to your property; don’t trade work for rent; document every interaction with each of your tenants; and learn and follow Fair Housing practices at all times. Probably the best preventative advice I can offer is to introduce yourself to the neighbors of your properties, share your contact information, and encourage them to call should they see something amiss, or have any problems with your tenants. Nothing can prevent all risk, but take it from the Voice of Doom (and old wives everywhere), an ounce of prevention is worth a pound of cure!

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