

Mind Your Business - Tia's Tips for Better Rental Management
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New Year's Resolution: Resolve to Mind Your Business

What will you resolve to change for the New Year? Lose weight? Eat better? Exercise more? Clean out your closets? How about resolving to treat your rental business more like a business?

I once assisted a client with three evictions almost simultaneously. Due to family commitments and other life preoccupations (as well as an understandable reluctance to incur vacancies in winter), she had gotten in a bad spot with three different tenants. There were repair issues that she thought had been dealt with but according to two of the tenants, had not. Her unlicensed handyman was supposedly taking care of things, but because she lived in California, she wasn't there to check. These issues created potential legal defenses that could have been asserted at trial (maybe successfully; maybe not). Did my friend want to go to trial to find out? Did she want to hire an attorney? Fly back from California? Possibly win, but definitely be out substantially more money?

After successfully removing one of the tenants, and settling with the other two, we discussed the ramifications of her decisions along the way. Apparently, I made an impression on her, because she emailed me the following statement, which I am reprinting with her permission:

“My Mantra: I will stop getting ripped off, I WILL stop getting ripped off, I will STOP getting ripped off!...People will pay fair value for the houses I am offering them to rent or they will leave as soon as is legally possible so that I can run a successful business and house people who appreciate, pay for, and take good care of what I am offering.”

Many of you keep excellent records, screen properly, document your property's condition, require tenants to stay current on rent, track and respond to maintenance issues, and don't trade labor for rent. This article is not for you, but read on so you can give yourself a pat on the back, and maybe you'll find one thing you aren't doing quite right. This article is for those of you who say, “They seemed so great,” “My property wasn't really ready, but the tenants said they were okay with that,” “They were in a rush to move in so I didn't get to really screen them, or get them to sign everything,” “They're out of work and going through a hard time right now, so I let them do some work on the property in exchange for lower rent.”

These are all owner-created problems in the making. This year I want you to resolve to Mind Your Business. Your rental property is a business like any other, so make this your New Year's Resolution. Resolve to:

- Stay current on your education. Landlord-tenant law is constantly evolving and you need to stay abreast of new or changing laws at the federal, state and local level.
- Advertise your property and screen all applicants within your obligations under the Fair Housing Act.

- Prepare your property fully prior to move in, and thoroughly document the condition. Don't be pressured by tenants or your own finances into rushing. Diligence now will be rewarded later.
- Make sure you're using current forms and using all the required forms to create a tenancy. (The ROA office has prepared Move-In packs of forms that include all necessary documents.).
- Collect deposits (secured funds only) in full and make sure utilities are transferred before handing over keys.
- Deal promptly with lease violations, and don't create waiver by allowing deviation from the rental agreement. By accepting rent for three rental periods with knowledge of a breach, you could waive your lease enforcement rights.
- Respond quickly to all reasonable and necessary maintenance requests, and ensure that the repair was effective.
- Inspect your rentals once or twice a year.
- Document interactions with your tenants (even just a note on a calendar).
- Avoid trading tenant labor for rent, and if you just can't help yourself, have them pay full rent and then bill you for their labor so there's a clear paper trail.
- Beware of renting to friends or family or letting either one help you manage your business. It can destroy the relationship.
- Be firm about not accepting late or partial payments – you're not running a bank or a charity. If you're tempted to be swayed by excuses, refer your tenants to 211 or 211.org, a resource for tenants who are in a tight spot.
- And finally, resolve not to get discouraged when things go wrong or you get ripped off. The rental business is a business like any other and at some point you will incur losses. If you were a contractor, you'd have to deal with customers who don't pay. If you owned a supermarket, you'd have to deal with shoplifters. Just figure out what went wrong and do your best to prevent it in the future.

It's never too late to start doing things properly, and when you do success will be your reward. It may come slowly or all at once, but you've got to take the first step. Pick just one thing you're not doing quite right and resolve to work on it.

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.