

**TOP**  
**10**  
**LIST**

**What  
Every  
Landlord  
Should  
Know**

## **1. Don't go it alone...join your local association.**

Landlords are frugal...ok, maybe even cheap! But the small cost of joining your local Rental Housing Association will save time, trouble and money. You'll have access to the right forms, affordable credit screening and, most importantly, advice when you need it. Don't recreate the wheel; someone has had your problem before and the solution is usually quickly at hand.

There is power in numbers when you join fellow landlords to work as a team to solve the industry's problems. It is important to know about proposed legislation before it happens and speak out to influence the outcome...before you find out about a brand new law that will affect you. Speaking with one voice on rental housing issues is critical to the success of the industry and ultimately, to your success too.

## **2. All those laws DO apply to you!**

Some landlords think all the fair housing laws and rental restrictions apply only to big landlords with lots of rental units. In fact, they may not even be aware of what those laws are. However, even property owners with just a single rental unit are responsible for following the law...and ignorance is no excuse! Tenants often know their rights better than their landlords and have access to inexpensive or free legal aid to exercise those rights.

Educate yourself. Your local landlord association often offers classes for its members and also has plenty of written material about local ordinances as well as state laws. Landlord-tenant legal matters require an expert in the field; if you are not an expert yourself, get help quickly...the longer a situation remains unresolved, the more expensive it will be.

## **3. Set your standards and stick with them!**

Before you post your first "For Rent" ad for a property, put together a one-sheet list of information and qualifications for potential tenants. You might include things like: screening policies; minimum credit scores; minimum monthly income; deposits; pet policy including additional deposits; reference-checking procedures; right to inspect current living quarters. Of course, all of your standards will comply with fair housing laws.

When you hand the sheet to all prospective tenants, they may decide not to apply for the unit if they don't meet your standards...which saves time for both of you. This also sets the tone for the tenancy...that you will be clear and fair about expectations.

#### **4. Screen your tenants...and employees too!**

This is probably the most important thing you do as a landlord and will come back to haunt you if you don't. A bad tenant will cause heartburn on many levels and you're more likely to get one if you rely on "gut feelings" instead of checking credit, unlawful detainer actions, income verification and references before signing a rental agreement. Choose your new tenant from qualified and verified applicants and do not be swayed to make an exception for someone with a good story and a winning personality.

It is too late once a bad tenant moves in, stops paying rent, forces you to spend big legal fees for eviction and then destroys the place on the way out. An eviction, with lost rent, legal fees and repairs generally exceeds \$10,000 and months of your time; proper screening costs less than \$100 and a few hours at the most...you decide.

When you give your building keys to anyone (even contractors), they have access to everything and everyone in it. And, if they have access to rental applications, they also have all the information needed to steal identities. You have a duty to take reasonable care to protect people, property and privacy. Do criminal background checks on every employee and credit checks too when job duties include access to banking or financial information. Again, your "gut feeling" is not enough and background checks are inexpensive compared to the consequences of inviting a criminal into your building.

#### **5. Have a good rental agreement.**

A good agreement protects both you and your tenant. If there is ever a dispute, it will be the first document examined...and any area not addressed will be called into question. For example, it might seem clear to you that you don't want extra roommates or sub-letting, but if it's not covered in your agreement, you may be surprised. Make sure you update those agreements regularly too.

Your local landlord association has samples of rental agreements (and many other forms) that address local rules, not just the stuff covered in an agreement you get online or at a business supply store.

## **6. Document, document, document!**

If it's not written down, it didn't happen. The rental agreement and routine forms (like rent increases, notices to enter the unit, etc.) are just the start. You should create a record of every tenant complaint, request for service, dispute between neighbors, rule violations...emailing a summary of the interaction to the tenant(s) involved is a great way to establish a contemporaneous record and shows a real effort to keep communication open.

And pictures are worth a thousand words! Take before and after pictures of the vacant unit, any damage reported, rule violations, etc.

Properly serve your tenants with legal notices. This is absolutely critical for proper implementation of new rental agreements, 3-day notices to pay rent or quit, and many other notices to your tenants. Improper service will invalidate your notice...and you'll have to start all over again. Make sure you understand the requirements!

## **7. Maintain your property**

A poorly maintained building usually attracts the wrong type of tenant. Even if your property is a not-so-stylish, no-frills building, it can still be clean and in good repair. If a building looks like the owners don't care, the tenants won't care either. This is not just shelter for your tenants...make it a place they want to call home.

Make sure your tenants know that you WANT to hear about maintenance issues sooner rather than later; problems don't go away, they just get bigger and more expensive to fix.

## **8. Raise rents regularly**

I can't tell you how many times I have heard a landlord say, "I never raise my rents." I cringe every time. Many cities have ordinances limiting how much you can raise rents, known as rent control, but it is important to raise rents regularly within those limits. The value of your building is partly based on income stream; if it is substantially less than the market value, you or your heirs will get less when it's time to sell.

If you don't make those small annual increases, you may find that you need to "catch up" to the market with a big increase...much harder to do with rent restrictions and less popular with tenants! Also, you need to raise rents regularly to put aside money for future repairs...and they will be needed someday.

## **9. Get advice before you terminate a tenancy**

Don't give or threaten to give a notice of termination such as 30-day or 60-day notice before you get the right advice. Many cities have Eviction Restriction Ordinances also known as "Just Cause for Eviction" Ordinances that restrict the landlord to a very limited number of reasons for eviction. Even if the tenant is behaving badly, many local ordinances require a process for you to document the infractions with a "Notice to Cease" with the opportunity for the tenant to reform.

## **10. Tenants are your customers...treat them well!**

Most of your tenants probably pay rent on time, take care of their units and have cordial relationships with you and their neighbors. They are glad to be there and you are glad to have them.

Communicate clearly with your residents. Let people know the rules and expectations right from the start and encourage them to tell you when there is any problem at the property. Emphasize the importance of being respectful of neighbors. Always follow up immediately whenever a tenant raises a concern, preferably in writing. BE NICE! Building and maintaining trust is essential.

When you treat your tenants well, with dignity and respect and courtesy at all times, especially in conflict situations, they are much more likely to cooperate with you. Show appreciation for prompt rent payments and letting you know when there is a problem. Tell them you appreciate their business and consider holiday or birthday greetings or gifts...if only some cookies or a Starbucks card.

## **About Edrington and Associates**

We solve real estate challenges for attorneys and property owners. We are experts on landlord/tenant disputes, condo conversions and accessory dwelling units (ADU). Our extensive history in real estate includes finance, appraisals, brokerage, construction and property management. We help people see different approaches and make informed decisions about their investment properties.

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