

how to be a good landlord

**PERSONAL
FINANCE**



You've done it

You've invested in real estate, acquired a property or properties and now you're faced with the challenge of managing those properties and interacting with your tenants. You also have "lord" in your title, without the pretension of being a 19th century Romantic poet.

In order to guard your substantial investment, you'll need to be prepared before the first tenant even sets foot on your property.



1. Screen your tenants

No matter how thin the applicant pool might be, you can't just accept anyone who throws his or her hat in the ring. Conduct a thorough background check, including a financial review. Call your prospective tenant's references. By screening your tenants, not only will you discover whether or not the applicants can afford your property, your conversations with their references might alert you to potential problematic behaviors or habits that could affect their ability to consistently pay rent.

Many landlords employ an agency to conduct the background checks at rates as low as \$20 per tenant. If that \$20 dollars identifies a reliable, long-term tenant, you'll reap the rewards of this minimal investment thousands of times over.



2. Customize your lease

There is no one correct way to draft a lease. What every lease must do, however, is define the terms of the rental agreement, protect you against liability and guard your investment.

Websites like www.legalzoom.com sell templates for leases that can provide you with examples of the types of issues you'll need to address.

One of the most important things you can do is enforce your lease. Everybody wants to be liked and be seen as understanding and lenient. But you open a can of worms like you wouldn't believe if you start letting things slide on your lease. Did you say "no pets," and then you allowed pets? That's bad. Did you outlaw painting, and then you allowed painting?

Don't do that.



3.

Know and understand state laws

Do you have to provide written warning to your tenants before you plan on entering their home? Are you or your tenants responsible for paying utilities? The answer to both of these questions—and many others—depends on the state in which you own your property.

Understanding state landlord and tenant laws will not only help you identify your rights as a landlord, it can also help you take the proper precautions to safeguard against any legal action your tenants might take against you.

As soon as you're given the keys to your new property, arrange a meeting with a lawyer and review all state laws that pertain to you and your property. While you're there, obtain legal advice on the wording of your lease.



4. The golden rule

“Treat others as you would like to be treated” definitely applies to being a great landlord. You might even take it a step further: create a living space that you would want to live in. In other words, keep the property properly maintained, whether that means biting the bullet and replacing the roof, rewiring, re-plumbing, etc. If you take pride in your property, so will your tenants. And when your tenants take pride in your property, your maintenance workload will decrease, and the value of your property will increase.



5. Be proactive and respond quickly

While your rental property might be one of many investments, you should treat it like your only investment, or at least like your most important. Why? Because your decisions related to this investment will affect the lives of real human beings who you will have to confront at least on a monthly basis.

When your tenants call in the middle of the night because their furnace has gone out or their septic tank has overflowed into their basement, you'll obviously need to address those situations immediately. But it shouldn't have to be a property-threatening disaster to warrant an immediate response. Answer emails, phone calls and requests for meetings promptly—in other words, make yourself available to your tenants. When you are quick to solve a problem for your tenant that increases their quality of life, they will respect you— and your property—that much more.



6. Establish an organized system of collecting rent

At the initial lease signing, determine an organized system of collecting rent that will be the most convenient for both parties, document the system in writing, make a copy for your tenant and then never waver from this agreement. Even one deviation from this agreement communicates that the system is negotiable, which it should never be.



The challenges of being a landlord are wide ranging and impossible to predict. But, if you follow these tips, you'll create a solid foundation that will minimize the number of large-scale issues that you face as your relationship with your tenants progresses.

Good luck!



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