

FIRST-TIME LANDLORD:

A COMPREHENSIVE
GUIDE TO SUCCESSFUL
RENTAL MANAGEMENT



WL weekend
landlords

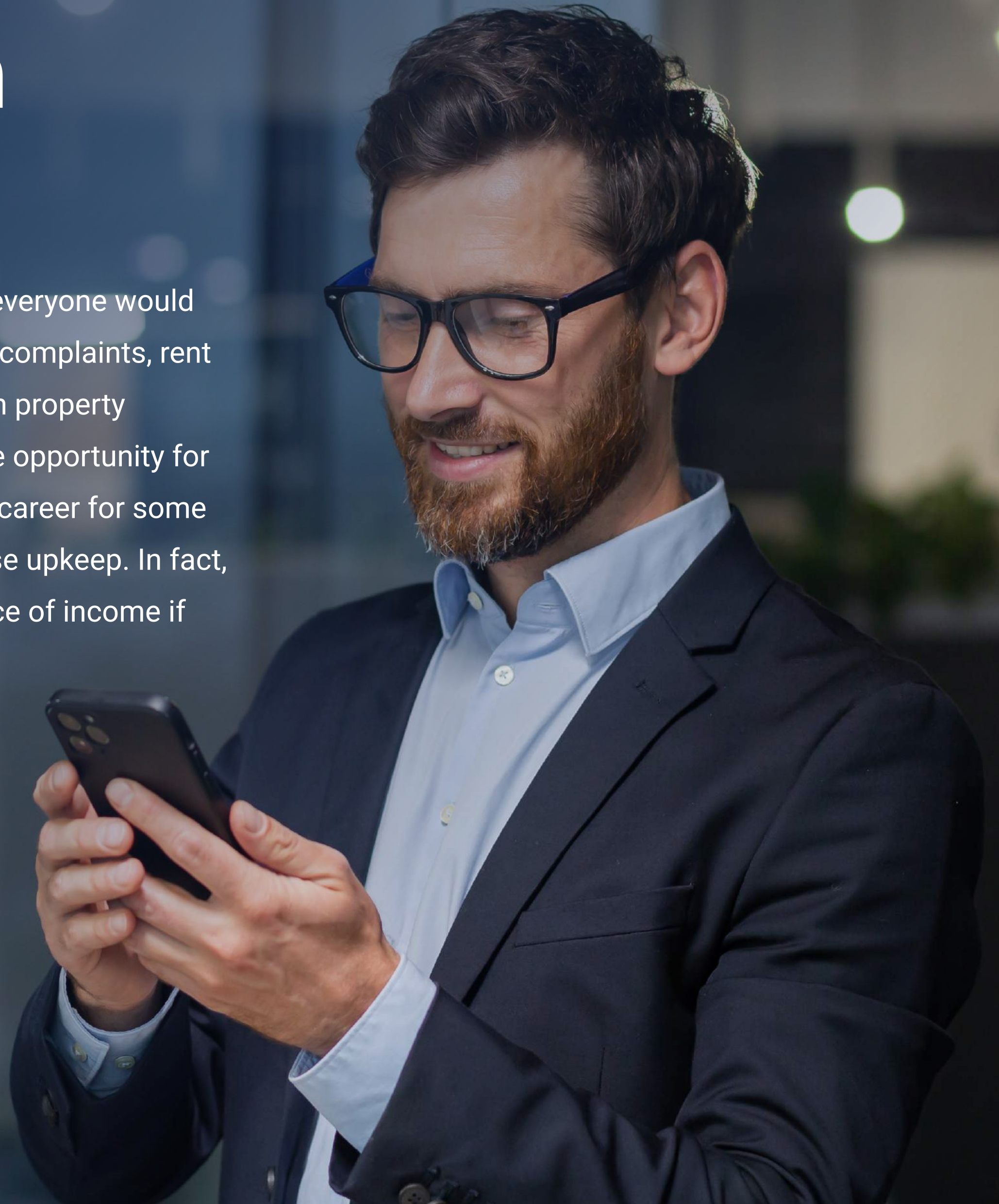
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I. Introduction

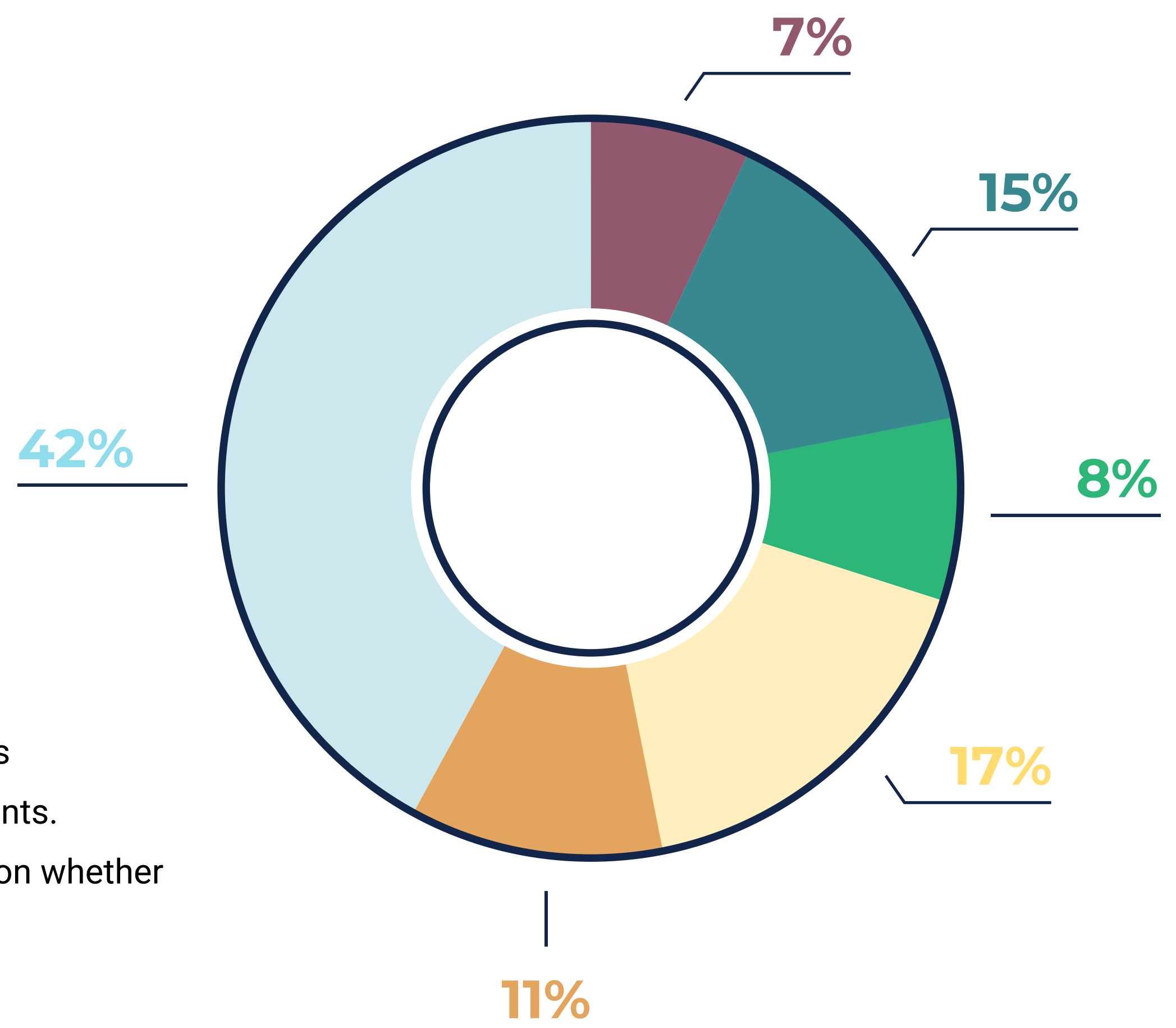
Why become a landlord?

Being a landlord isn't simple and plain! If it were, then everyone would be doing it. As a landlord, you have to deal with tenant complaints, rent collection issues, and what can seem like endless, high property maintenance costs. The role of the landlord is a unique opportunity for investment and business. The DIY landlord is a dream career for some if you are an expert at planning and budgeting for house upkeep. In fact, being a landlord can become a highly successful source of income if you manage your properties efficiently and effectively.



THE AVERAGE NUMBER OF YEARS THAT A LANDLORD STAY IN A JOB

- Less than 1 year
- 1-2 years
- 3-4 years
- 5-7 years
- 8-10 years
- 11+ years



You may find satisfaction in making repairs and meeting the requirements of your tenants. However, it's critical to acknowledge early on whether being a landlord is or isn't the life for you.

COMMON CONCERNS AND MISCONCEPTIONS ABOUT BECOMING A LANDLORD

Some people think that being a landlord is easy. The truth is that there's a lot to learn before you can start actually making money renting your property. Your primary goals should be to protect your investment, comply with all the laws that govern rentals, and make some money along the way.

Landlords have a natural tendency to not spend too much money on a place that is going to be rented. In return, many landlords only get the bare minimum things done. The problem with this is that genuinely spending money on a rental property pays better dividends in the long run. It's never too late to do the right thing. Following is a quick guide reviewing all the things you shouldn't be doing as a landlord in order to live a more stress-free and wealthy life.

Neglecting maintenance

Remember the old proverb, 'A stitch in time saves nine?' Ignoring small maintenance issues is one of the most common mistakes that landlords make. Whether it's a clogged kitchen drain or a small crack in the window, ensure that all issues are dealt with promptly. Small issues may become major problems and become more expensive to repair!

Keeping emergency funds

Emergencies do not come with a warning. It is suggested that you save your finances for emergencies and prioritize your expenses based on your income!

Buying an affordable property

Your investment or responsibility does not end with the property purchase. Therefore, before embarking on a luxurious venture, consider whether you can afford the property's maintenance. Remember, it's not just about your income but also about the amount of time you have to manage your property.

Overspending on furnishings

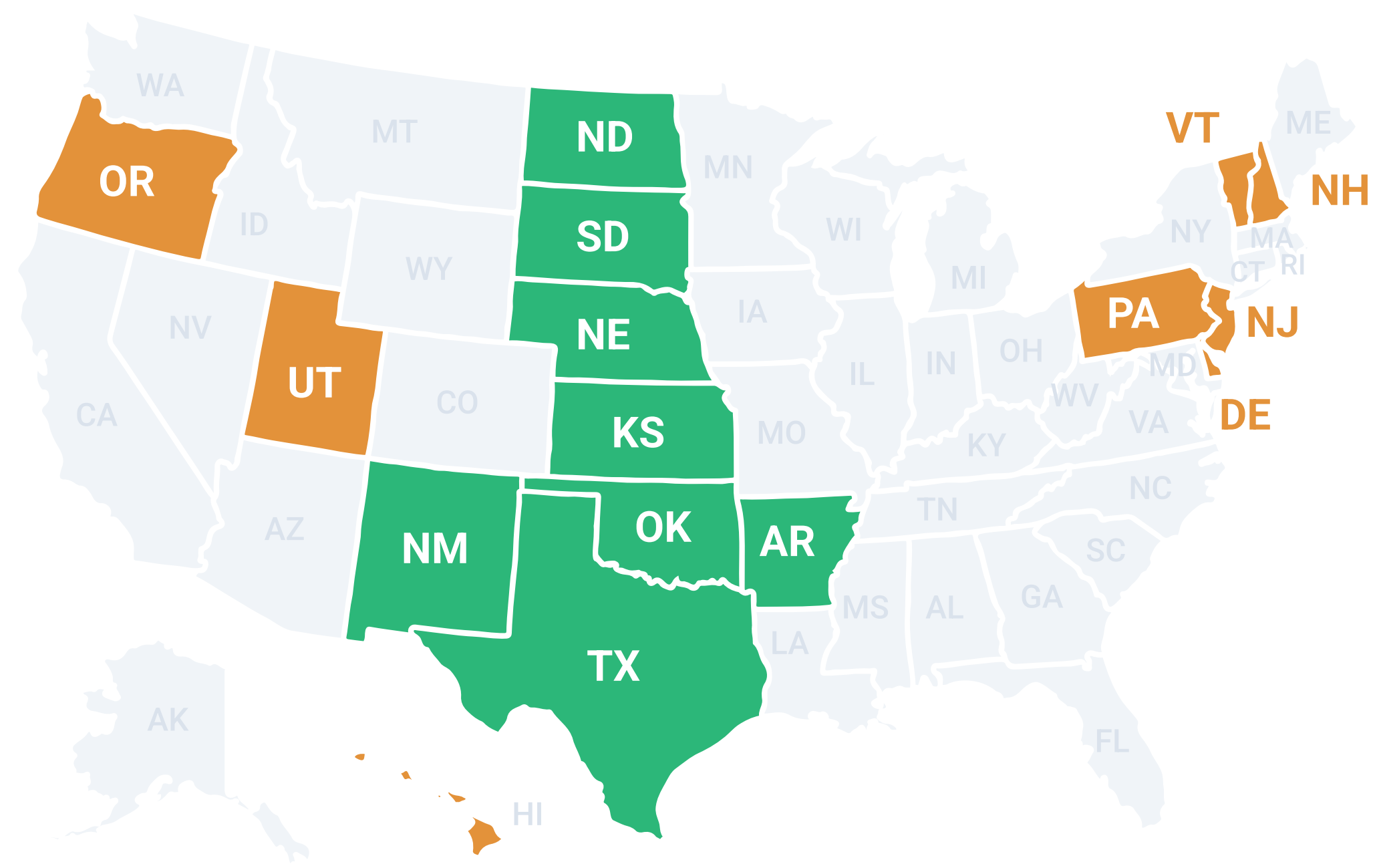
Landlords sometimes overspend on expensive furnishings to increase the rental property's price. However, in many cases, people prefer to have their own furniture, especially in the case of families. Just provide the basic furniture that your tenants need.

Being aware of property lines

Property lines may not always be where they appear, and overstepping the actual line may cause issues. It's always best to obtain official information from the city surveyor if you're planning to expand your garden or plant trees along your property's boundaries. It's also a good idea to consult with your neighbors to avoid any issues or misunderstandings.

Home Insurance

Landlords must have insurance for their homes. Home insurance provides financial coverage for emergencies, protecting your belongings and your home overall. Do your research to ensure that you choose the right homeowner's insurance policy for you.



The cheapest states to buy the annual average homeowners insurance:

- Hawaii – **\$400**
- Utah – **\$646**
- Vermont – **\$686**
- Oregon – **\$712**
- Pennsylvania – **\$736**
- New Jersey – **\$751**
- Delaware – **\$770**
- New Hampshire – **\$794**

The most expensive states to buy the annual average homeowners insurance:

- Texas – **\$1,883**
- North Dakota – **\$1,941**
- South Dakota – **\$1,997**
- New Mexico – **\$2,024**
- Arkansas – **\$2,104**
- Kansas – **\$2,767**
- Nebraska – **\$2,900**
- Oklahoma – **\$3,518**

II. Preparing to Become a Landlord

Being an effective landlord or property investor involves mastering some basic techniques and establishing an entrepreneurial mindset with regard to managing rental properties. To maximize profit on your investment properties, you should know about different time and money-saving strategies.

45%

of landlords manage their own properties.

44%

of landlords outsource property management to a third party.

11%

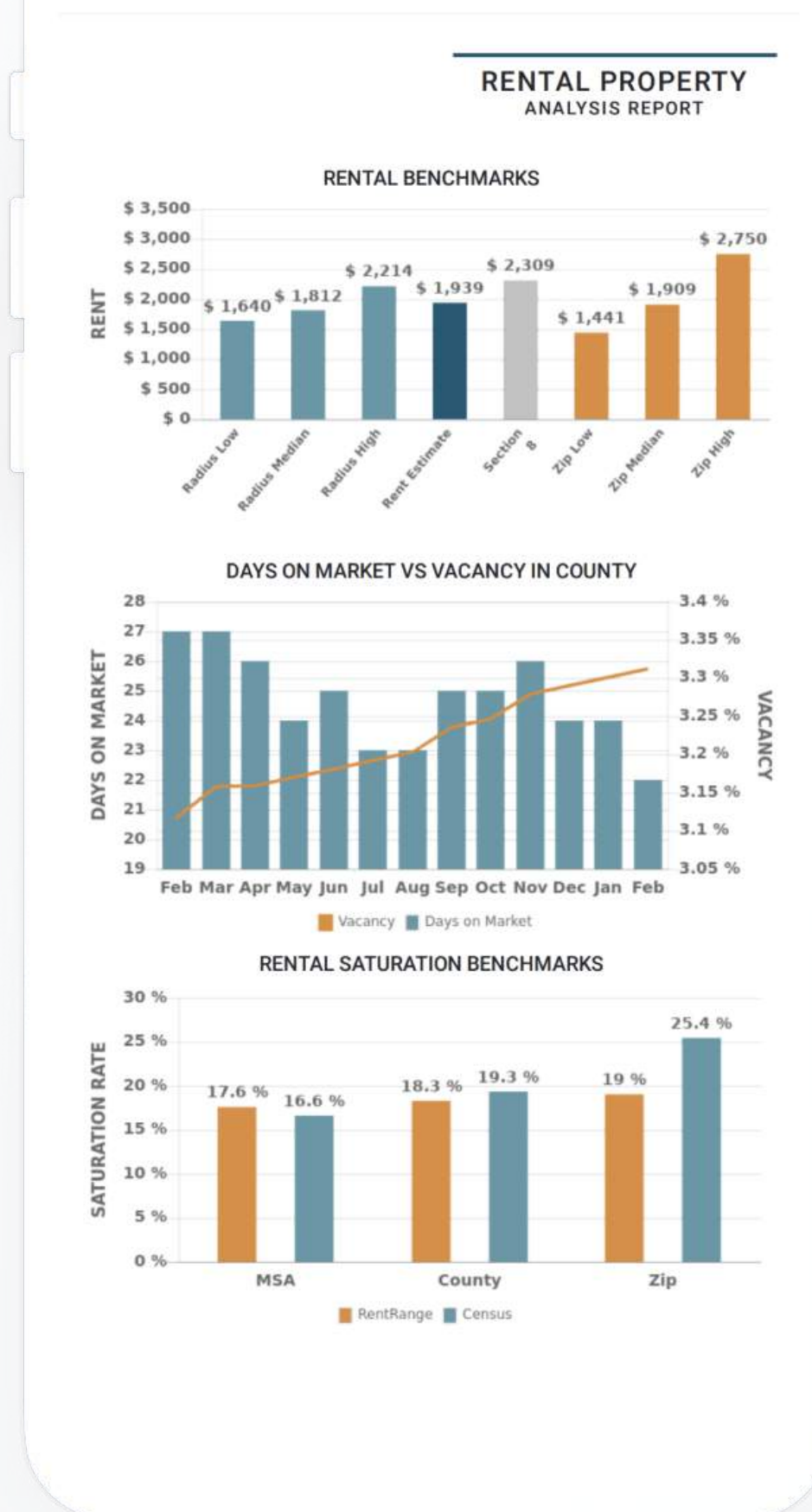
consists of landlords that manage but don't own their properties.

The landlords who own multiple properties are well aware of the importance of optimizing their time and delegating minor tasks. Even if you currently own only one or two units, who knows what your rental portfolio will look like in a few years? That's why it's better to adopt time management techniques when you have fewer tasks on your daily checklist so that you can easily adjust to changes in your work routine.

ASSESSING YOUR PROPERTY FOR RENTAL POTENTIAL

Assessing your property for rental potential is a crucial step in becoming a successful landlord. Start by identifying the strengths and weaknesses of your property, such as location, amenities, and potential repairs or upgrades. Then, research the local rental market to determine the average rent for similar properties in the area. This information can help you determine a competitive rental rate and estimate your potential rental income. By thoroughly assessing your property and the rental market, you can make informed decisions and maximize your profits as a landlord.

With property management software like [TenantCloud](#), you can set the right price for your property and make sure that you fill your vacancies quickly and turn a profit. You'll know whether you can lower the price because of the longer vacancy rate or raise it due to high demand in your area.



LEGAL AND FINANCIAL CONSIDERATIONS

The rental property business is regulated by a smorgasbord of laws. These laws vary by state. They cover things like rent, security deposits, landlord-tenant responsibilities, rights of tenants, and evictions.

You can get a copy of these laws online [from the Department of Housing and Urban Development \(HUD\) website](#) for your state.

In terms of finances, you'll need to set a competitive rental rate, collect a security deposit, and determine if you'll charge additional fees such as pet fees or late fees. Keep detailed financial records for tax purposes and consider the costs of maintenance, repairs, and insurance. It's crucial to stay informed and seek professional advice if needed to ensure you are operating within legal and financial parameters.

FINDING AND SECURING FINANCING FOR YOUR RENTAL PROPERTY

When it comes to finding and securing financing for your rental property, there are several options available, including traditional mortgages, government-backed loans, and private financing. It is important to consider factors such as interest rates, terms and conditions, and eligibility requirements when choosing a financing option. Additionally, landlords should make sure they have adequate insurance coverage, including liability and property damage insurance. Building a good credit score and having a solid business plan can also help landlords secure financing for their rental property.

III. Finding and Screening Tenants

A screening check allows you to select the most reliable long-term tenants and thus minimize the risks of property damage and non-payment of rent as well as reduce vacancy rates. Online screening tools usually offer paid services, but it's worth running background and credit checks on prospective renters to avoid painful evictions in the long run.

Renting to unsuitable tenants can lead to loss of income, wasted time, and damage to rental property, which are common horror stories among landlords. To achieve success in the rental business, it is crucial to screen tenants before allowing them to rent. Tenant screening involves several steps, starting with verifying their ability to pay rent by making sure they earn no less than two and a half times the rent amount. Checking the tenant's rental history by contacting previous landlords is also essential. In addition, it is vital to assess their credit history to determine their financial responsibility.

16%

of landlords don't run
criminal background
checks

10%

of landlords never check
a tenant's credit score
The average tenant has a credit
score of around **650**.

28%

of tenant applicants have
a criminal record.
On average, landlords screen
2 applicants per property.

MARKETING YOUR RENTAL PROPERTY

To effectively advertise vacancies in 2023, landlords should consider utilizing multiple online platforms, including top rental listing sites, for increased lead generation. Traditional offline advertising methods have become less efficient, and online marketing combined with conventional promotion provides a simpler and cost-effective solution. With the rise of SaaS, landlords and property managers can quickly and easily reach thousands of potential tenants.

Here are our top five suggestions for successful online marketing:



Get a personalized listing website.



Select the best websites for rental property advertising.



Upload high-quality pictures and add accurate descriptions.



Don't underestimate the power of social media.



Provide an outstanding tenant experience.

SHOWING THE PROPERTY TO POTENTIAL TENANTS







Showing your rental property to potential tenants is a crucial step in finding the right tenant.

- Make sure the property is clean and well-maintained.
- Highlight the property's best features and be prepared to answer any questions the potential tenant may have.
- Set clear expectations upfront, such as the move-in date and rent price, to avoid any misunderstandings later on.
- Consider scheduling multiple showings in one day to save time and streamline the process.
- Remember to follow safety guidelines when showing the property, such as meeting potential tenants in a public place beforehand and never showing the property alone.

TENANT SCREENING BEST PRACTICES

Assessing a potential renter's credit report is the most reliable way to determine their financial responsibility. During the credit check, landlords should watch for red flags such as late payments, significant debt, past eviction records, and bankruptcy filings. Renters with a positive financial history are more likely to pay rent on time, while those with no criminal record are expected to take good care of the rental property. In conclusion, it is recommended to rent to tenants with good credit.

Here's a list of ways to save time and money when screening tenants:

-  **Use a tenant screening service:** These services will do a credit check and run a criminal background check on potential tenants.
-  **Run a credit check:** Check if they have ever missed payments or been arrested for any crimes.
-  **Run a criminal background check:** Find out if they have ever been arrested for any crimes.
-  **Ask for references:** Get in touch with previous landlords, employers, and personal contacts to learn about their reliability and responsibility.
-  **Ask for proof of income:** This will help you determine if they can afford to pay rent.
-  **Ask for proof of identity:** Verify their identity to ensure they are who they say they are and have not used someone else's identity to apply for the rental property.

6 Red Flags You Should Never Ignore

The first step in the rental application process is to decide whether or not to accept the applicant.

Here are some red flags that you should never ignore when screening a potential tenant:



The applicant has a bad credit history.



The applicant has a criminal record.



The applicant has a history of not paying their rent on time.



The applicant is unemployed or underemployed.



The applicant has a history of causing problems in their previous rental properties.



The applicant has a history of not paying their utility bills.

HOW TO CHOOSE THE BEST TENANT FOR YOUR RENTAL PROPERTY

As a landlord, finding dependable tenants is a top priority. One way to accomplish this is by asking the right questions during the tenant screening process. Conducting an interview and gathering specific information about potential tenants is a common practice when leasing your property to an individual or a group. Tenant screening is essential in collecting all relevant information, such as credit checks and rental history, to ensure that the renter will pay rent on time and maintain the property in good condition. It's also important to check for any criminal history, financial issues, or past evictions.

Pre-screening questions can help eliminate candidates who don't meet your initial criteria, thereby increasing the likelihood of finding suitable renters. Pre-screening also allows you to establish expectations early in the leasing process, which can lead to better outcomes.

To pre-screen potential tenants, you can ask questions such as:

- When Are You Able to Move In?
- Do You Have Any Pets?
- How Many Parking Spaces Do You Need?
- Will You Agree to a Background and Credit Check?
- Does Anyone in Your Household Smoke?
- What is Your Monthly Income?
- Can You Pay a Security Deposit?
- Why Did You Decide to Move?
- Have You Ever Broken a Rental Lease Agreement?
- Have You Ever Been Evicted?

IV. Creating a Lease Agreement



A rental or lease agreement is a contract between the landlord and the tenant. This agreement includes all the responsibilities of both parties. Furthermore, it acts as firm grounding documentation for a fantastic tenancy.

The main aim of a rental agreement is to clear any confusion regarding the leasing of the property between both parties. Apart from that, the agreement also contains detailed information about the property being leased, fees payable, and both parties' signatures stating that both agree to the clauses. In case of discrepancies, the contract will help in resolving the issues.

KEY ELEMENTS TO INCLUDE IN A LEASE AGREEMENT

If you are making a rental agreement, there are certain things that your lease agreement must include, such as:

Information of the Parties Involved

The agreement must have accurate information about both parties (the landlord and the tenant). Apart from that, the specific address of the property must include the apartment number, door number, and other such things. It must also contain information about pet-related policies.

Rent Due Date

To avoid confusion, the date within which the tenant needs to clear the due rent must be mentioned in the agreement. It must also contain a penalty amount for late payments.

Lease Duration

The agreement must also contain the date on which the agreement starts and expires. It must also contain stipulations for the visiting guests. Furthermore, it must also contain details about the charges the tenant would have to pay to leave the contract early.

Amount of Rent

The rental agreement must also include the specific amount of rent that the tenant needs to pay every month or every year. It must also include additional charges for parking and other such maintenance fees separately.

Signature of Both Parties

At the end of the agreement, both parties need to affix their signatures to show their consent.

CLAUSES AND POLICIES OF A RENTAL AGREEMENT

The rental agreement must clearly state your choices, preferences, and decisions.

Some of the policies and clauses that it must include are:

Property Access

The agreement must contain criteria for the owner to take control of the property.

The breach in the Lease

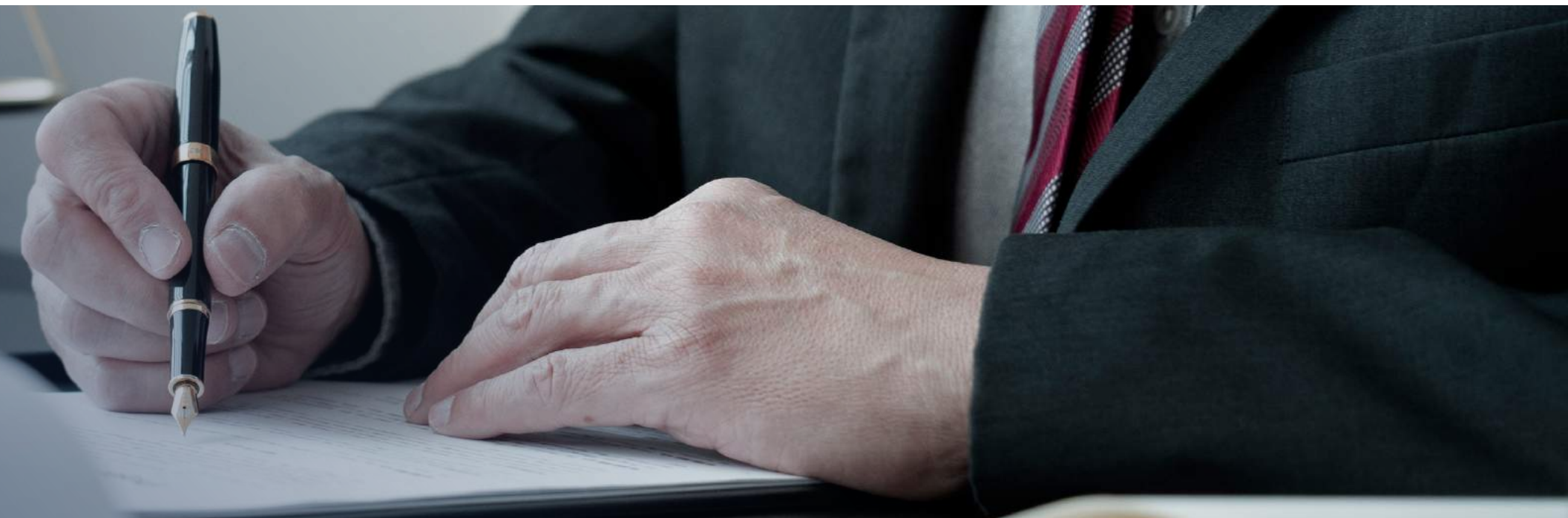
The agreement must also contain circumstances under which the tenant can break their lease.

Subletting Policies

It is crucial to mention the policy regarding whether the tenant can sublet the property to another person and share the apartment.

Security Deposit

The tenant has the right to know where the security deposit has been kept. The tenant must have proper details about the security deposit.



TIPS FOR DRAFTING A LEASE AGREEMENT THAT PROTECTS BOTH YOU AND YOUR TENANT

By providing tenants with options for a long-term lease, landlords that strategically offer month-to-month leases may be able to enhance cash flow and keep rental properties occupied.

One of the most important things landlords need to do is **make sure all of the paperwork is in order**.

Your best course of action is to learn about common mistakes and ensure the rental agreement is handled properly.

- **Not naming tenants in the agreement**

In the unfortunate event that you have to file a dispute, having the correct names and signatures on the rental agreement is essential. The security deposit should help you cover certain damages or unpaid rent.

- **Not knowing the law**

One of the common mistakes landlords make with rental agreements is that they put in **provisions that go against the law**. Every state has a detailed tenant's rights law in place to protect tenants from any wrongdoing from the landlord.

You should also remember to occasionally check to see if there have been any changes to the legal requirements of the rental agreements, as was the case during the coronavirus pandemic.

- **Forcing an automatic renewal**

For the most part, rental agreements are short-term, usually set to a month. The common practice is to **renew the agreement every month**. Giving your tenants more time to decide if they want to renew can also work out to your benefit. If they choose to cancel the lease and vacate the property, you will have more time to market it and find new tenants.

- **Setting the rent at a wrong rate**

A common mistake landlords make with rental agreements is that they fail to research appropriate rent rates. Usually, this mistake leads to the following scenarios:

The rent can be set too low. This will go on until the lease expires and is up for renewal. Unfortunately, if you try to overcorrect, you will probably drive the tenants away since they were used to paying a lower rent for the property.

You set the rent too high. This usually leads to the property remaining vacant for far too long, which again means that you are losing money.

- **Not detailing the specifics of the move-in**

We highly recommend helping your tenants organize all of the details of their move-in. Obviously, they should be present during the move-in inspection, and you can go through the property together.

V. Maintaining a Good Landlord-Tenant Relationship

Maintenance requests from tenants are inevitable, even if you're diligent about regular upkeep. Things wear out over time, and you may have to replace or make repairs to a variety of items. Whether you have one rental property or several, staying on top of maintenance requests demands organizational skills.

HANDLING MAINTENANCE AND REPAIR ISSUES

One of the biggest pain points for landlords and property managers is maintenance. If you've ever experienced an unexpected rental emergency you know the feeling: a late-night phone call, a panicked tenant, and images of money flying out of your bank account.

Even small, routine maintenance tasks can become a strain on your time and finances if you're trying to juggle tenant communication and contracted maintenance workers.

Keep Records

Time-stamped records from the moment a tenant notifies you of an issue through its complete resolution ensure that facts can be backed up in case of a dispute down the line.

Keep all communications regarding the issue. Easily accessible records, including receipts for materials and vendor invoices, will provide the information you need.

Update Tenants

Tenants want to know that you're handling their requests on time. Keeping your tenants in the loop won't leave them wondering whether you're blowing them off and will go a long way in curbing any frustrations they have. Proof of your good-faith communications could come in handy if there are any problems later on.

For **61%** of landlords, maintenance is the worst aspect of the job

Outsource Maintenance

Be ready to outsource when difficult maintenance problems come up. You may not be able to handle every maintenance request yourself.




Simplify the Process With Digital Maintenance Requests

If you really want to make things easy on yourself, you can use an online tool that not only keeps your records safe and in one place but also allows your tenants to submit repair requests.

HOW TO HANDLE DISPUTES AND COMPLAINTS

Landlords are required to meet health and safety standards mandated by local authorities. Your tenant can sue you if you're in violation. Although some laws are straightforward, educate yourself about habitable living conditions and what you are legally responsible for maintaining.

What was the strangest tenant complaint you had to deal with?

-  A stray cat was stuck under the tenant's bed.
-  Tenants needed a bigger wardrobe to fit their 2500 hats.
-  Tenants blamed the management for manipulating them into renting a place.

In addition, you could be asking for legal problems if you don't familiarize yourself with the landlord/tenant laws in your state. State regulations will determine how you should collect and hold security deposits, the reasons that would justify you entering your tenant's home, and how to proceed if you need to evict a tenant.

Be sure to give your tenants proper written notice whenever you or a service person will be entering the property. The required notice varies by state.

Make it clear to any vendors you use that they should perform only the specific maintenance requested by you. This avoids added expense if your tenants ask them to do something else while they're on the property.

Follow up with your tenants after the fact. You don't want to pay a repairman and find out months later he never showed up or did a poor job. Knowing the issue has been resolved can prevent future disputes, as well as the additional expense of fixing an unsolved issue that has grown bigger over time. And yes, just like everything else, do this in writing.

VI. Renting Out Your Property



SETTING RENT PRICES

Making money on your rental means ensuring it's full at all times and that your profit margins are right. Whether you're new to renting your place or you're just anticipating a tenant moving out soon, the first step is to set the rent price you're planning on charging. A rental report that compares similar properties around you can help make sure your rent prices are correct. Once you've determined that the price is right, it's time to dig into actually marketing your rental property.

ADVERTISING YOUR RENTAL PROPERTY

- **Create your listing**

No matter where you plan on posting your listing, it's going to have a few key components. Most renters will want information about pricing, deposits, application fees, square footage, utilities, and pet policies.

- **Advertise it**

Use a free rental listing site to help get your listing in front of as many people as possible. Post your listing on any social sites you have set up for your apartment complex or rental property. You can also look for local Facebook groups centered around renting and share your link there.

While it might sound old school, putting up a "For Rent" sign-up can attract drive-by applicants.

Upload high-quality pictures and add accurate descriptions.

Regardless of your approach, there's one rule even more relevant in the digital era: the better property images, the more likely you'll fill the vacancy. That doesn't necessarily mean that your rental has to be the best one in the neighborhood. It's about the way to present it to your potential renters.

PROPERTY MANAGEMENT TIPS FOR NEW LANDLORDS

What advice would you give to someone who is considering becoming a landlord for the first time?

- ✓ Run the numbers.
- ✓ Understand the realistic liabilities.
- ✓ Start with 2 or 4 units for the first year unless you have experienced partners or employees.
- ✓ Learn to prioritize.

Time-saving strategies

Did you catch yourself thinking that you could be more productive throughout the day: resolving more maintenance requests, contacting more tenants, and organizing more paperwork? With the help of these few tips, managing your time will be easier than you think.

- **Plan the week ahead**

Record all the tasks for the week and categorize them according to priority. If there are any urgent issues, resolve them immediately to avoid extra work later on. Then move to less critical tasks and the ones that require your full concentration. You might also want to create your own schedule that would fit your lifestyle.

- **Practice digital detox**

To renew your energy, consider digital detox at least once a week. Spend the whole day without checking your social media and scrolling news feeds. This will make you feel less anxious and help you recharge.

- **Delegate the tasks**

First-time landlords often find it difficult to decide which tasks can be delegated and what should be performed solely by themselves. But if you have a team you trust, anything can be assigned to them, even rent collections.

Note: service professionals are always better at fixing damages in the rentals unless you have practical experience in the area.

- **Set up digital payments**

When using online payments, you don't have to worry about a check that doesn't show up or is lost somewhere in the spam box. Also, you can keep track of the transactions and check the details anytime you want.

68% of landlords use
online payments

75% of landlords want rent
payments on the 1st

Money-saving strategies

Along with time-saving tips, let's take a look at the three basic money-saving solutions for landlords and property owners:

- **Free rental management tool**

There are so many good property management software systems out there that you will definitely find the one that meets your requirements. The most popular features the landlords pay attention to in the rental management tools are built-in accounting, maintenance management, and online payment options.

- **Screen tenants thoroughly**

A screening check allows you to select the most reliable long-term tenants and thus minimize the risks of property damage and non-payment of rent as well as reduce vacancy rates.

- **Put money aside**

You might want to save for a down payment for your next investment property or start an emergency fund.

It's recommended to save up to 20 percent of your monthly income. But you can define any amount you find reasonable.



VII. Dealing with Legal Issues



OVERVIEW OF LANDLORD-TENANT LAWS

We like to think most landlords are genuinely trying to do their best at owning and renting a property. However, we also believe that nobody is perfect.

Here are three things you might not know you're doing wrong so that you can avoid unintentionally breaking the law and losing tenants.

Evicting a tenant after they make a complaint

Some landlords try to be proactive by terminating a lease early if they can tell a tenant is going to be high-maintenance. Do everything in your power to fix the problem. Sometimes picky tenants can end up helping your rental property become even better.

If you've listened to their complaints and it continues to be a serious problem, you do have the option to evict someone; just make sure you go the legal route. One good option is to deliver a conditional quit or vacate notice –which allows the tenant to fix their behavior or vacate.

Note: Rental laws vary from state to state. Check your [state guidelines](#) before taking any action against renters.

Changing the locks

We've heard a lot of stories, from both tenants and landlords, about changing the locks to deal with a deadbeat renter. Unfortunately, the law won't be on your side if you decide to go that route. Changing the locks and depositing someone's belongings on the curb can easily end in a wrongful eviction lawsuit for landlords.

If you're worried about a tenant causing damage, in some states you may be able to file an Unconditional Vacate Notice if a tenant has been late on rent multiple times or caused serious damage.

That will allow you to file an unlawful detainer lawsuit later and possibly recoup your losses.

Entering an apartment for maintenance

State rules vary, but unless there is a maintenance emergency, you need to give advance notice before entering any property you rent. Even if a tenant has requested that you fix something, you still need to give proper notice (usually 24 hours) before you enter. You can always speak to them on a case-by-case basis to ask for permission to enter earlier, though, as long as they say it's okay. Failure to cover all your bases can lead to a trespassing violation and possible lawsuit.

How to handle evictions and lease terminations

Wise landlords expect the best and prepare for the worst. When tenants stop paying rent, break the law, or cause a life-threatening disturbance, there's no question they have to go. However, most situations aren't that simple, and evicting a tenant can be a costly production.

Steps in Eviction

The eviction process varies greatly from state to state, even county to county, but it will generally follow this pattern:

- You inform the tenant that they must pay back rent in full or cease specified activities.
You give them a date to move out before eviction proceedings begin.
- If you haven't resolved it by the above date, you file paperwork with the appropriate court.
The clerk normally sets a court date and issues a summons to the tenant.
- You go to court. The judge decides what you are owed and when the tenant must vacate.
- The court gives you a "writ of possession" allowing law enforcement to remove the tenant.
- Once the tenant is out, it may be up to you or law enforcement to remove whatever they left behind.
- You change the locks, advertise the vacancy, and commit to choosing better tenants next time.

For a complete breakdown of your local eviction processes, check out our [state law guides](#).





VIII. Conclusion




KEY TAKEAWAYS FOR NEW LANDLORDS

Becoming a first-time landlord can be a challenging yet rewarding experience. The key to success is to educate yourself on the responsibilities and requirements of rental management before diving in.

We hope our comprehensive guide for first-time landlords will help you to achieve your dream and rent out your first property.

-  Know the laws and regulations: Familiarize yourself with federal, state, and local laws governing rental properties, including fair housing laws, tenant rights, and eviction procedures.
-  Screen tenants carefully: Screening potential tenants thoroughly can help you find reliable and responsible renters who will take care of your property and pay rent on time.
-  Keep detailed records: Maintain accurate and up-to-date records of rent payments, maintenance requests, and other important information related to your rental property.
-  Maintain your property: Regular maintenance and repairs are essential for keeping your rental property in good condition and ensuring tenant satisfaction.

-  Communicate effectively: Open and clear communication with tenants is essential for building a good landlord-tenant relationship and addressing any issues that may arise.

By following these key takeaways and other tips outlined in this guide, you can navigate the challenges of rental management and enjoy a successful and profitable experience.

Most of the articles in the guide were originally published on TenantCloud. Check out more helpful articles on the [Weekend Landlords](#) as well as on [TenantCloud Resources Center](#).

