

A TERRIBLE LANDLORD OR AN ANGEL WALKING?

I know a lady who buys Christmas presents for her tenants' children. She frequents yard sales and gathers toys and clothes for the kids and dishes and tools for the parents. That's quite a lot of Friday's spent hunting yard sale signs, considering the fact that this lady owns more than a *large* handful of rental houses. This lady stands about 5'1 on a sunny day and weighs 105 pounds after eating a gallon of Edy's Cappuccino ice cream. This lady volunteers at her church and is a living testament to her religion.

One could also say that this lady is a terrible landlord.

She drives by her rental houses every month to collect the rent from her tenants. If by chance she doesn't catch them at home, she leaves a sweet note and asks them to please drop the check by her house as soon as possible. If the tenants are late with their rent the lady fusses, but then offers to help them find part-time work to earn extra money.

A tenant's dream? A landlord's nightmare? Or an angel walking?

You see, I can argue this point, because this sweet lady is my Mom.

Yes, my Mom. Yes, she is a tenant's dream. Yes, she is a terrible landlord. And yes, by the grace of God, she is an angel walking.

My Mom manages her rentals using a totally different method than Bill and me. She employs the friendship method, whereas Bill and I use the 'property manager' technique. Both methods work, the question is, which works best. And which, if she were your Mom, would you rather she use.

Mom has no buffer, no anonymity from her tenants. Her tenants know that she owns the property. Even worse, some of her tenants know where she lives. She's the 'queen of rentals' when things are going well. But let things turn sour, let the tenant run short of money and choose to pay his cable bill instead of paying rent and my precious Mom has to get tough. The 'friendly landlord/tenant method' suddenly becomes tense and bitter. Mom is now the 'evil, wicked, mean, and nasty landlord' trying to take the poor, innocent tenants last dollar. My Mom (as with most landlords) is not a huge conglomerate with millions of dollars in the bank. She has to pay the mortgage on her rental houses on time whether her tenants pay on time or not. All Mom is trying to do is request that the tenant uphold his end of the lease agreement. Pay or quit.

Now, what if Mom had set up her rentals a different way from the beginning? What if Mom had told her tenants that she was simply the property manager for the group of investors who own the property? What if Mom had told the tenants that she had nothing to do with the *money* side of the lease agreement, and that all correspondence regarding late rent had to be sent, via letter, to the secretary of the company. Would Mom not be safer in her trips to the rental houses? Yes, she would. And her daughter who loves her more than life itself could rest easier.

There are so many ways to manage rental property. Some ways are easier than others. When landlords correctly manage their rental houses, their tenants no longer cause them to lose

precious sleep. Bill manages all of our rental properties, mainly because I am too much like my Mom.

During our first few years of real estate investing we, like most landlords, told our tenants that we owned the property. "Call us if you have a problem", we'd say. And they would! Mostly with sad stories about the bank messing up their checking account and now they were going to be late on the rent. Or, little Joey had to have his wisdom teeth removed and they simply can't pay the rent. Or the best one yet, "My sink stinks and I am not going to pay my rent until you make it smell better!" (No joke!) We had no buffer between us and our tenants. Consequently, we were always the mean landlords when we tried to collect our rents.

Though it took years of trial and error, we now have a much smarter system of managing our rentals. As far as our tenants are concerned, we don't own the property. We are simply property managers employed by a group of investors. Call us if something breaks or leaks. Otherwise, contact the company by mail only. Whether our tenants want to paint the house a different color or they are going to be late with their rent they must send all correspondence in a letter to the company post office box. It's that simple. And I don't worry about Bill's safety.

Back to our argument, 'Is Mom a tenant's dream or a landlord's nightmare? Mom loves managing her rentals with a personal touch. It makes her feel better, and Mom says that she has never lost money by using her methods. Or has she? One could argue that she has lost quite a substantial amount of money.

How? Mom never charges a late fee. Never. Granted, she doesn't have to chase her money. Usually, Mom's tenants are so in love with her that they draw hearts and kisses all over their rent checks and sprinkle the envelopes with perfume. (No joke!)

What if Mom had assessed a late fee of \$50.00 if the rent was not paid on the first of the month? For one thing, she would have been able to pay off her condo in Florida a lot sooner! But besides that, initiating a late fee makes good business sense.

Bill and I manage our rentals in a more business like fashion, with a lot more anonymity. Our rentals are our retirement, so therefore we take care of our houses and tenants like a 'business'. My Mom, if the truth be told, is a tenants dream. She takes care of her houses and her tenants with a soft fist and she makes good money on her rentals.

As to the 'angel walking'? If you ever have the opportunity to meet my Mom you will agree. Grace, elegance, beauty and brains all wrapped up in precious angel wings.