

10 Most Common Mistakes Made by Landlords (Part 1)

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Last week's column about Landlording brought in quite a few calls and emails. We received questions ranging from how to find good tenants to how to evict the bad ones. If you missed last week's column but would like a free copy, please let us know and we'll email it to you.

After listening to this week's questions, I decided to compose a top ten list of the most common mistakes made by Landlords.

1. **Not taking Landlording classes on a regular basis.** Whenever I talk with someone who is having a Landlording problem, one of the first questions I ask is, "Have you taken any Landlording courses?" About 90% haven't. This blows my mind. How can anyone know how to properly manage rental property without first knowing how? After all, would a doctor know what to do if he didn't go to medical school first?
2. **Not using a strong pro-Landlord Lease Agreement.** Just yesterday I spoke with a Landlord whose tenant had just bought two dogs; both were full-grown Pit Bulls. The dogs were barking at everything and terrifying the neighbors. This Landlord wanted to know if he could make the tenant get rid of these dogs. I told him it depended on what was in his Lease Agreement. Turns out his Lease didn't say anything about animals. I asked him where he bought his Lease Agreement. He had bought it from Office Depot.

While Office Depot knows a lot about office supplies, they don't know bunk about managing rental property. If you own rental property, you want your Lease Agreement to protect you in every way possible. The Lease Agreement we use is a whopping 13 pages long and is written in plain English. Your Lease Agreement should have teeth that are at least twice the size of your tenant's dog's teeth.

3. **Not going by your prospective tenant's current home before he signs the Lease and moves into your rental property.** It surprises me how few Landlords do this. If you want to know what your rental property will look like two weeks after your prospective tenant moves in, go by – *unannounced* - and look at the inside and outside of your prospective tenant's *current* residence.

It's surprising how many of these folks' current homes are trashed. Or their cute little four-pound Yorkie they told you about turns to be a 130-pound Rotweiler with a *HUGE* drool problem, and who likes to growl at a Landlord's crotch. Or maybe the tenant forgot to mention his part-time job...making Meth on the kitchen stove.

4. **Not verifying a tenant's Application.** If you only knew the number of times when we were verifying a tenant's Application, the information listed was flat wrong. By

this I mean the current Landlord wasn't the current Landlord. The current boss wasn't the current boss, etc. You know, a lie.

Simply verifying the information on an Application is the easiest way to keep 80% of the bad tenants out of your rental properties.

- 5. Even though you know your new tenant doesn't pay his bills on time, you sign a Lease Agreement with him anyway, and then expect him to make timely rental payments.** Why would a Landlord ever let a tenant with a poor payment history move into his rental property? Because the Landlord is sweating the mortgage payments.

Owning rental property can be an expensive venture. Often the biggest expense is the mortgage payments. Let a rental house sit vacant for three months while you make the \$800 monthly mortgage payments, and you'll know what I mean.

Fact is, often it is a lot cheaper to let your rental house sit vacant instead of putting in a bad tenant who won't pay the rent and will damage the property.

The key is, don't own rental property until you have a minimum of \$5,000 in the bank. This will give you some needed breathing room.

Ok, that's the first five most common mistakes made by Landlords. We'll finish up this list in next week's column.