

*A simple guide for...*  
**Being a "Super Landlord"**

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**"Super Landlord"**



## HOW TO BE A SUPER LANDLORD

Being a landlord can be very rewarding, but it can also be very frustrating, especially if you decide to manage your own properties. Rental property is really the perfect investment...that is, until you put tenants into the equation.



Ah Tenants! Love them or hate them, you can't do without them. There is simply no way around it. The only answer is you must first learn how to effectively deal with tenants and ultimately become a "Super Landlord".

Here's our guide to being just that – a super landlord. If you want to make money then your tenants have to love you and have no reason to move on.



## **BUYING RIGHT**

But even before you have to deal with tenants, you must first purchase a rental property. The first, and most important thing you need to do when getting involved in rental investment is to buy right. If you don't buy right, then you may be doomed to failure no matter how good a landlord you might be.



But what does "buy right" mean? Buying right means doing your homework and being highly selective about investing in a property for the long term. Successful people are those that always begin with an end goal. This is critical in the property investing business. You need to know what you are going to do with a property before you buy it. This is really quite simple if you keep this one thought in mind: If you are buying a property to keep as a rental, buy a property that will be easy to rent and easy to manage.

### **Here's your homework before investing in a property:**

- Avoid high-crime areas
- What is the ratio of rental properties to owner-occupied properties?
- Speak to agents to find out how long rental properties stay vacant on average
- How are the unemployment statistics in your area? (High unemployment means lower rents)
- Location: proximity to schools, public transport, and shopping (walk the streets – does it feel good?)
- Rental income: what can you get for it (don't rely on agents telling you – do some digging around)



## DOING THE MATHS

Once you have identified a property that will be easy to rent, you need to negotiate a purchase price that will provide you with positive cash flow. This is very important and easy to do. You simply take the monthly rent you can reasonably get from the property and subtract all of the monthly expenses (property taxes, insurance, utilities, and maintenance).



Be sure to include a proper vacancy factor, a management fee (even if you plan to manage the property yourself), a maintenance fund fee (for future repairs), and the positive cash flow you desire to get from the property. The net rent you have left (after deducting all expenses and your desired positive cash flow) is the amount that you will have available to pay the capital and interest on a mortgage payment.

You then need to calculate in current interest rates and terms. Use a mortgage calculator to determine the cash amount you can borrow that results in the payment amount available to service the loan. This is the amount you can afford to pay for the property in order to get the desired positive cash-flow.

If you buy the property right and have positive cash flow, you can more easily tolerate the problems you might face due to the occasional bad tenant. That positive cash-flow every month will bolster your attitude when dealing with problems. However, if you saddle yourself with a negative cash-flow property, your problems will seem 10 times worse than they really are.

**The simple rule is: Buy right or don't buy at all.**

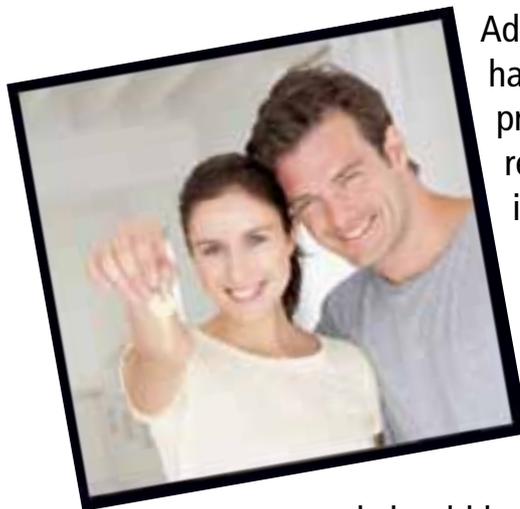


## FINDING THE RIGHT TENANTS

Assuming you have purchased a good rental property, one that will produce a decent positive cash flow, the next step is to find tenants. If you purchased wisely, then you also set some funds aside to cover mortgage payments and expenses during the time it takes to find a new tenant.



Don't feel pressured to rent to the first person that comes along just to get a tenant in the property. You need to choose your tenants wisely. If that takes a little time, it will be well worth the extra effort. Trust us on this one: it is far better to have no tenant than to have a bad tenant!



Admittedly, you will find it hard to relax until you get the property rented, so getting it rented as soon as possible is something to strive for. Keep in mind, though, that a high percentage of tenant problems can be eliminated in the screening process.

So from now on your goal should be not to just get the property rented, but to get it rented to a properly qualified tenant. And once you get that qualified tenant, you need to do everything you can to keep them as a tenant and take steps to make them even better tenants!



## **SCREENING & QUALIFYING TENANTS**

As a landlord, you must screen your tenants. If you don't, you are just asking for trouble. Some landlords like to trust their gut feeling. You may luck out, but you might also get taken to the cleaners. Why take the chance when it is relatively easy to screen your prospective tenants properly? Here are eight steps you can take to help you with the tenant-screening process:



### **Step 1 - Rights of tenants and landlords**

It would be wise to familiarize yourself with the rights of the tenant and everything to do with the law in respect of being a landlord. A great place to start is to read all the relevant information on The Tenancy Agreement Service website. It is illegal for landlords to discriminate against tenants on the basis of race, gender, disability, sexuality or religion.

Fair housing – it's not an option, it's the law!

### **Rights of the tenant in an assured shorthold tenancy.**

An assured shorthold tenancy is a tenancy that gives a tenant the legal right to live in a property for a period of time. A tenancy might be for a set period such as six months (this is known as a fixed term tenancy) or it might roll on a week-to-week or month-to-month basis (this is known as a periodic tenancy).

There are certain basic rights that a tenant has in an assured shorthold tenancy.

- The right to live in the accommodation undisturbed
- The right to live in a property in good repair
- The right to information about the tenancy
- Protection from eviction

To read more visit [The Tenancy Agreement Service >>](#)



## **HINTS FOR AVOIDING TROUBLE**

1. Give all applicants the same information about your property, such as move-in costs or when the property will be available for occupancy.
2. Know the guidelines for the number of occupants allowed in a certain-sized unit. Don't tell applicants that the number of people in their family exceeds the limit for your rental if their family size is within the guidelines.
3. Process all applications. If you have found that seniors make good renters, for example, and only process applications from seniors, you could be in violation of the The Age Discrimination Act.
4. If you don't want to rent to a particular person, don't ever tell them that the property has been rented, if in fact it has not been.
5. Do not ask anyone about their race, age, country they are from, religious preference, sex, marital status, or disabilities.
6. Apply the same eligibility requirement and income guidelines to all applicants equally.
7. Do not say, "I don't think you would be happy here," just because you don't want to rent to them.
8. You can screen people based on things such as income. Know the law so you can stay out of trouble.



• **Step 2**

The first contact with a prospective tenant is usually on the phone. Start the qualifying process during your first conversation.

Advise prospective tenants of the rent, deposit, and other facts about the property. Let them know if you allow pets and, if so, how much the pet deposit will be. Inform them what

type of pets you allow (i.e., Dogs, fish tanks, reptiles, birds, or cats) and the occupancy limit (in terms of overcrowding) for your rental.



There are rules for the number of people allowed to occupy a rental property and these are based on the square footage – download the guidelines here. Tell them your fee for running the credit and background check. If you take just a few minutes telling people your guidelines, you will eliminate a lot of potential applicants, thus saving you a lot of time further screening a tenant who doesn't meet your basic requirements.

• **Step 3**

For those applicants that seem to qualify, fill out a prospect card with basic information: name, phone, reason for moving, number of people, number of children and ages, desired occupancy date, any pets, smoking, and present and past landlord references. If you experience any difficulties finding out this basic information, then they will probably not qualify for your rental.

• **Step 4**

If the prospective tenant(s) qualifies based on your first contact, set up a time to meet them at the property and continue the qualification process. Note their appearance, which is an indication of how they will treat the property. Are they neat and clean? Take a look at their car. It doesn't have to be a new car, but its condition and interior cleanliness is another indication of how they will treat your rental property.

Their attitude and manners will indicate if they might be difficult to deal with in the future. Are they too critical of the property? Pointing out legitimate concerns is okay, but nitpicking too many things is an indication they may be problem tenants.

Take time to tell them what your expectations are for your tenants and all of the critical items that will be in the lease, items such as yard-care responsibility, rent due dates, late fees, pet policy, and a guest-occupancy policy. If they have any concerns, it's better to get them resolved now, before wasting time on someone to whom you won't want to rent.



- **Step 5**

If you have got this far with a potential tenant, now is the time to start the application process. Start with a good rental application, one that collects all the information you will need to run a credit check and background search. The application should contain the legal verbiage that gives you permission to run a credit and background check and a place for the applicant(s) to sign.

Have each individual adult fill out and sign an application. In the case of married couples, the application should have spots for both spouses' data. Have them both sign the application. Let the applicant(s) know that they must fill out the application completely and that their application will be considered along with others, and that you will notify them once a decision is made. The application should spell out the screening fee you will charge for running the credit and background check.

Collect the screening fee and run the credit and background checks. There are many companies that will run the checks for you (speak to us as we can help you save money here!)..

- **Step 6**

Once you have chosen a qualified tenant, call them, congratulate them, and let them know that their application has been approved. Set a time and place for the lease signing. Let



them know how much money they will need to bring, preferably in money-order or cash form, for the rent and security deposit (and any other deposits, such as pet deposits).

If you accept a check, let them know that possession will be given after the check clears the bank. Many landlords require a credit card to pay rent, with an authorisation for a monthly rent charge. This eliminates a lot of potential rent chasing each month and a lot of tenants like the fact that they never have to worry about late fees.

Setting up a merchant account so you can accept credit card payments is fairly easy to do in today's business world or you could look into getting an app for your smart phone with someone like iZettle.

- **Step 7**

The lease signing is still part of the qualification process. If the prospective tenant doesn't agree to all the terms of the lease, you shouldn't rent to them. Start with a good-quality lease that has all of the provisions you want to protect you and your property.

You should have mentioned the most important items in the lease when you were showing the property, so there should be no surprises. It is critical to read the entire lease to the prospective tenant(s) and highlight on their copy the critical items. Have them initial every page, indicating that they have read and understand the lease and agree to all the provisions.

Have them sign and date the lease, your copy and theirs, and sign the spot indicating that they have received a copy with all

signatures, yours and theirs. If they argue with any of the provisions (other than minor items) and won't sign, then politely thank them for their time and call your next applicant who qualified.

Assuming all goes well, collect the money and give them the keys (unless they use a check that you want to clear before giving them possession). Remember, once they have moved in, if the funds don't clear, you have to use legal processes to get them out.

- **Step 8**

After a couple of days, send them a welcome letter telling them how excited you are to have them in your property. Thank them for their willingness to take care of the property and take pride in keeping it a great place to live. Have high expectations of your tenants and most will live up to those expectations.

There is no absolute right way to screen a tenant, but a good screening process will help you become a super landlord. So develop a screening system that works for you and use it on every new tenant. Never skip this step! You do not want to deal with any tenants from hell!





## THE 'SUPER' LANDLORD

Being a landlord can be very rewarding, but it can also be very frustrating, especially if you decide to manage your own properties. Rental property is really the perfect investment...that is, until you put tenants into the equation.



Assume that you have purchased a good rental property, one that will produce a nice positive cash flow, and now have it rented to a properly screened tenant. What do you do next? Just collect the rent and hope for the best? It isn't quite that simple.

It seems that everybody has ideas about how to be a great landlord. Some suggest that a landlord be a hard-nosed businessperson that doesn't give an inch and rules with an iron hand. Others advise landlords to love their tenants like their own family, be kind, and gentle.

### **What should you do?**

As with most things dealing with property, there is no foolproof, absolutely right way to be a perfect landlord. Everybody has their own personality and their own strengths and weaknesses. Realise that many people are not cut out to be a landlord or just don't want the hassle. If you bought the property right, you always have the option of hiring a professional management company to manage your properties.



As you increase the number of properties you own, you will probably find that hiring a management company is not just an option, but invaluable!

Before you jump into the landlording business with both feet, you may want to determine if you are cut out to be a landlord.



Start by asking yourself these questions:

- **How well do you communicate with people?**
- **Do you like to work with people on a one-to-one basis?**
- **How well do you deal with uncertainty?**
- **Are you willing to stick to a long-term plan?**
- **Can you make quick decisions?**
- **How do you deal with conflict?**
- **Are you able to defuse potentially volatile situations?**
- **How much time can you devote to your job as a landlord?**
- **Are you willing to give up some or a lot of free time to be a landlord?**
- **Are you tough enough when you need to enforce the rules?**
- **Are you willing to work with people and provide them a great place to live?**
- **Can you respond to issues in a timely, professional manner?**

However, most of us at one time or another will need to take on the role of being a landlord, even if it's only on a temporary basis. Therefore, it pays to know something about being a landlord. Here are some tips that may be helpful to you in your adventures in landlording.



## **LANDLORDING TIPS**

### **1. Invest in the right market segment.**

You do have a choice as to where you invest. There are all sorts of communities that you could invest in, so pick a community that has people you will be comfortable dealing with. Are you comfortable dealing with high-end clients? Do you feel more comfortable dealing with people in working-class neighbourhoods? Are you comfortable working in low-income neighbourhoods? Is the student market somewhere that you could happily manage?

### **2. Take good care of your property.**

If you take good care of your property, your tenants will most likely take good care of your property as well. Starting with your first contact with a prospective tenant, begin building high expectations. Let the prospective tenants know that you like to provide a clean, well-kept home for them and that you expect them to take good care of the property.

Treat your property with respect and they will likely follow suit. Inspect the property regularly and have a lease that spells out what the tenant is expected to do as far as property upkeep. For single family homes, the tenant should be responsible for all the garden work. Have the property and garden in a nice condition when they move in and expect the tenant to keep it that way. Send thank you cards to tenants who are keeping the property in good condition.

### **3. Creating good relationships with tenants.**

Create a good relationship with your tenants based on mutual respect and courtesy. Always be friendly, pleasant, and treat your tenants with respect, but keep the relationship professional and businesslike at all times. Return phone calls promptly. Be responsible for repairs. If a repair is going to take awhile to get to, for whatever reason, keep the tenant informed about the status as often as necessary to minimize their concerns. If you show concern for your tenants, there is a better chance they will respect your

time and your property.

#### **4. Make sure your tenants know all the rules.**

All of the rules should be spelled out in clear language in the lease agreement. During the initial interview with the prospective tenant, the rules should be discussed. Again, during the lease signing, the rules should be covered in detail and signed by the tenant. Having a spot for the tenant to initial next to each rule is not a bad idea. Then if you ever end up in court and the tenant says, “I didn’t know I couldn’t raise pit bulls in the second bedroom,” you will be able to point to the pet policy section of the rules that they signed. Don’t leave anything out.

#### **5. Enforce the rules.**

Make sure you enforce the rules for all the tenants. Special privileges for some tenants and not others will get you into big trouble. If your rules say that the tenant will get an eviction notice if they are more than three days late with their rent, then on the fourth day of being late, post the eviction notice, no matter what their excuse. If they pay their rent, they won’t get evicted, but it lets them know that there is no flexibility in the rental policies. If your tenants know the boundaries and those boundaries are constant, they will be more comfortable and content. Yes, you need to be concerned about your tenants and let them know you care, but you need to be tough. Are you up to it? If not, you may need to rethink your decision about becoming a landlord.

#### **6. Communicate clearly, openly, and early.**

Do you like surprises? When it comes to business, probably not. Surprises can lead to misunderstanding, and misunderstandings can lead to unnecessary conflict. Your property is your tenant’s home, a very important element in their lives. Communicate clearly and early if you are going to change anything, like raising the rent or working on the property in a way that might disturb them. And after you have communicated with your tenant, make sure they really understood what you said.

#### **7. Try to keep your good tenants.**

Replacing tenants can be very costly. So if you have good tenants, try to keep them renting from you. You still have to enforce all the rules, but if a rent increase will force them out of the rental,

then you may want to rethink the rent increase, especially if the rental market is on the weak side. A few other hints: remember all the names of your tenants, including their children. Remember tenant's birthdays with cards or small gifts. Do maintenance promptly. Thank tenants for keeping the property in good condition. Do what you can to really make them feel like you want them to stay.

### **8. Your tenants could be buyers for property you have for sale.**

Even though you hate to lose good tenants, they could very well be an excellent buyer for properties you may have for sale. Get to know your tenants and find out what their long-term plans are. Are they looking to buy as soon as they can? Do they need help with their credit score? You can help them with credit score by reporting their on-time rental payments. You can direct them to credit-score education or reputable agencies that help people. Do what you can to help them.

### **9. Don't become a burned-out landlord.**

Keep a balance in your life. Landlording can be very demanding. Make sure you plan before you have too many properties to handle on your own. Get the help you need. Be willing to delegate some or all of the work. Don't forget you have a life outside of being a landlord. You are supposed to own your investments; your investments should not own you. If you are tied to your properties night and day, your properties own you, and you really just have a job. That is why it is so important to buy properties right so you can afford to have the properties managed and still get a good, positive cash flow.

Being a landlord isn't for the faint of heart. It can be a great experience, but make sure you are up to the challenge. Know when to get the help you need; don't become a slave to your properties!