

PROPERTY MANAGEMENT DIVISION



RE/MAX Elite

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REAL ESTATE LANDLORD BASICS

Preparing Yourself for Success

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Real Estate Landlord Basics: Preparing Yourself for Success

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Real Estate Landlord Basics: Preparing Yourself for Success

Introduction

RE/MAX Elite has been providing world-class property management service to Eastern Florida since 2006. We serve all of Brevard County, including Melbourne, SunTree, Viera, Palm Bay, Merritt Island, Cocoa Beach, Rockledge, Satellite Beach, Indialantic, Titusville and Mims.

Because we've had so much experience, we wanted to provide a resource to landlords who are new to real estate investing. Perhaps you've just bought your first investment property or you're thinking about becoming an investor.

Maybe you're renting out a home you once lived in yourself, or you've purchased a new property and you aren't sure you want to sell the old one.

Real estate can be a great way to establish wealth and both diversify and grow an investment portfolio.

You might find you love the cash flow and the long term ROI that rental real estate can provide, and you slowly begin to build a portfolio of properties.

You want to set yourself up for success, and that's why we're here. To help you avoid the common mistakes that we often see new landlords make, and to remind you that professional property management can often lead to better and more profitable investment experiences.

In this educational and informational book, we're providing some resources that we hope will get you started.

We'll talk about marketing and tenant screening. We'll also address some common landlord concerns, such as pets. You'll learn about how inspections can help you identify maintenance needs. We'll tell you about the dangers of self-management, and what you should ask a property management company if you decide to partner with one.

Our goal is to help you feel more confident and intentional as you set out to have a great landlord experience.

If you have any questions while you're reading, contact us at RE/MAX Elite. We'd love to talk about your real estate plans and your rental properties.

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Chapter 1 Marketing Your Vacant Property

Marketing your rental home is one of the most critical aspects of owning an investment property. A successful marketing plan can limit your vacancy time, increase the amount of rent you're earning, and attract high-quality tenants.

You need access to great marketing strategies and advertising resources, and if you don't have them yourself, reach out to a property manager for some help understanding the market trends and data shifts.

At RE/MAX Elite, we like to track the number of days competing properties are on the market and how much those homes are rented for. This helps us develop a comprehensive and effective marketing strategy.



The Importance of Photos

Photographs in an online rental listing are your opportunity to make a great first impression. This is your digital curb appeal.

Tenants are likely to scroll through your pictures before they read the description or the rental requirements.

If you can do it, include a walk-through video. This gives prospective renters an idea of how the place looks, and while your description and written information are important, the photographs and videos will reach new tenants on an emotional level.

Advertise Online

Your next tenants are looking for a new home online.

We're all using the internet for everything these days, and online rental sites are important when marketing your vacant rental property.

A good online ad will have engaging photographs as well as accurate descriptions and all your contact information.

Include important details like rental amount and whether pets are allowed.

Yard Signs Still Work

While most tenants are looking for properties online, it's still a good idea to put a sign in the yard.

Why?

People are probably driving and walking through the neighborhood, and a For Rent sign can get their attention. Neighbors might know someone who wants to move.

Create a professional sign that is attention-grabbing and informational. It must include some basic information about the property, such as number of bedrooms and rental price. Make sure your phone number or other contact information is also on the sign you post.

Market a Move-In Ready Home

Marketing will lead to showings, and you have to be sure the property is ready to rent before you show it. Tenants want to imagine themselves moving right in.

This means that a tenant could potentially move into the home right now. When you market and show an occupied property, take the necessary precautions to protect the current tenant's privacy and safety.

Schedule Showings

Good marketing works quickly.

You'll begin to receive inquiries from prospective tenants who have questions about your property and want to see the home.

Be prepared.

You will have to be responsive and willing to show the property when it's convenient for tenants. Some landlords like to be there when a tenant is walking through the property. Others provide self-showing technology, which usually includes a lockbox and a security code.

Whatever you decide, remember that good tenants have a lot of choices. Don't wait too long to return their phone calls and their messages.

Be responsive and available. Follow up. The best marketing strategy in the world won't do much for you if you're unwilling to talk to prospective renters.

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Chapter 2 Finding a Good Tenant

Every good tenant screening process starts with the most important thing: a tenant background check.

You want to know as much about your potential resident as possible. Before you hand over the keys to one of your most valuable assets, make sure you are renting your home to someone who is financially responsible, unlikely to cause damage, and willing to communicate.

Every leasing process - whether you're doing it yourself or with professional help - must include a fair, consistent, and legally compliant tenant screening.



Fair Housing Impacts Tenant Screening

When you screen a tenant, you look at their backgrounds and you ensure that all of the information they provided on the application is true and accurate. This is how you decide whether you'll approve them for tenancy or deny their application.

You have to be consistent and treat every application the same, otherwise you can be accused of discrimination.

Good tenants can and must be found while following all fair housing laws.

Put your screening process in writing and let your tenants know what you'll be looking for before they submit an application. Then, you can trust your process.

Checking Credit

A good credit score doesn't necessarily mean you have a good tenant.

But, a credit history that shows a respect for financial responsibilities is a good way to start screening for an outstanding resident.

Check for patterns of financial behavior. You don't want to see any overdue debts to former landlords or apartment communities.

You definitely don't want to see a history of past evictions. Good residents pay their utility bills on time. You can also use the credit report to verify addresses and residencies.

If anything looks strange during the screening process, you can ask your applicant to explain.

Criminal Backgrounds

A nationwide background check is also necessary. You want to make sure you're not placing a tenant who has a history of violent behavior or drug charges.

Check every national database that lists sexual offenders and sexual predators. Make sure your applicants provide permission for you to conduct this check; you'll need a signature on the application.

Verifying Income

Check employment and verify income.

You can call the applicant's employer and ask about the position that's held, the length of employment, and salary. You can also ask for documentation from the applicant like pay stubs and tax returns.

Our professional requirements for single-family homes and condos is that a renter earns at least three times the monthly rent.

So, if the rental amount is \$1,500 per month, the income has to meet or exceed \$4,500 per month.

Rental History

Verify the applicant's rental history, and talk to current and former landlords. At our company, we have a prior landlord questionnaire that we submit for completion. This allows us to find out if rent was paid on time, whether any property damage was left behind, and if the lease terms were followed. We also verify that the dates of residency match up to what's on the application.

These are some of the screening tools we recommend you use to ensure that only the best residents are placed in your property.

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Chapter 3 Maintenance & Repairs

Rental inspections are an important way for landlords and property owners to identify potential maintenance issues.

When you're planning and conducting a rental inspection at your property, make sure you're thorough and detailed. Visit every single room, open every single door, and take a look at every single floor, ceiling, and wall.

We also recommend using a checklist so you can make notes throughout the inspection. Take a lot of pictures, too.

A few important maintenance and repair items belong on every rental inspection checklist.



Faucets, Sinks, and Tubs

Turn on every faucet and look under every sink for potential leaks. Water can do damage to a property faster than any other problem.

Take care of any leaks you find immediately, no matter how minor they seem. A simple dripping faucet can turn into a major leak under the sink that causes rot and mold.

Outside, look for areas where water might be getting inside the house. Inspect your irrigation or sprinkler systems.

Repairs and Replacements

The rental inspections you conduct before a tenant moves in are meant to ensure the property is ready for occupancy and to confirm that no maintenance is needed.

Check each electrical outlet, turn on all the lights, and run the appliances. Make sure the doors and windows are locking and check light bulbs, air filters, and smoke detectors.

Take a close look at the plumbing and the air conditioning. HVAC systems work overtime in Florida, and you'll want to make sure your cooling system is in good condition.

Clean Homes are Well-Maintained Homes

Everyone has different standards of cleanliness. You can't expect your tenant to keep a home as clean as you might, yourself.

But, you can expect that things are in order and there are no safety issues or pest issues due to dirt, food, and other messes.

When you're doing a maintenance inspection on a vacant property, you need to make sure everything is perfectly clean. Baseboards and ceiling fans should be free of dust, kitchens and bathrooms should sparkle, and the home should look and smell beautiful.

When you're doing a move-out inspection, you expect the same level of cleanliness after a tenant leaves. If the property clearly has not been cleaned, make notes and take pictures so you can withhold cleaning costs from the security deposit.

Look in hidden places. Check the condition of the walls behind doors. It's possible there are dents in the drywall where the doorknob might have slammed against the wall. Check for scratches on the floor and tears in the window screens.

Deferred and unreported maintenance can be expensive. When your tenants request maintenance, take care of it right away. When you're inspecting your property, make sure you respond to anything you notice with urgency and competence.

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Chapter 4 Uh Oh: Unauthorized Pets!

Establish your rental property pet policy before you even begin advertising your rental home.

You'll definitely want to know about any pets before a tenant moves into the property. However, tenants aren't always forthcoming about having pets, and sometimes they'll acquire a pet after they move in, without informing you.

What if you discover an unauthorized pet in your property?



**BEST REASONS TO
CHOOSE RE/MAX
ELITE FOR YOUR
PROPERTY
MANAGEMENT**

Melbourne, Florida

First: Gather Evidence

If you drive by a property and you see that a tenant has an unauthorized pet, you need to collect some sort of evidence. You can take a picture or a video, and do

whatever you can to document that there's a pet on the property.

Talk to Your Tenant

After you collect the evidence and you are back at the office, call the tenant. Let them know that you were at the property earlier, and you saw the pet. Let them know that you'll be posting a 7 Day Notice to Cure.

Decide Whether to Accept the Pet

Once you've posted the 7 Day Notice to Cure at the property, you'll need to decide whether you want to accept the pet, assuming the tenant plans to keep the animal at the home.

If so, you'll want to let the tenant know they can keep the pet as long as they're willing to pay the pet fee and/or any pet rent.

If you are absolutely against pets, let the tenant know they have those seven days to re-home the pet. If the tenant does not take care of this matter, you will have to proceed with an eviction because the tenant is in violation of the lease.

Pets are like part of the family for many tenants. But, you want to make sure they're complying with your lease agreement and your pet policy. You don't want any surprise pets showing up.

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Chapter 5 DIY Property Management Risks

Managing your own rental property might seem easy enough, and a lot of landlords expect DIY property management to be a breeze.

However, it has become a lot more complicated in recent years, especially in our competitive rental market.

Renting out a home takes a lot of time and if you want to do it successfully, it requires a lot of experience.



If you have a full-time job of your own, family responsibilities, or other passions that don't include clogged toilets, collecting late rent payments, and learning the latest fair housing laws, you will have a better investment experience if you hand over the

management responsibilities to a qualified Melbourne property manager.

Let's take a look at some of the main reasons that DIY property management doesn't really work.

Legal Mistakes are Easy (and Expensive)

Even experienced investors make mistakes when they try to manage their own properties, and unfortunately, those errors have become quite costly.

Generally, Florida is still a landlord-friendly state. But, we've talked to numerous rental property owners who have found themselves in a lot of trouble over habitability issues, fair housing laws, and evictions that they tried to manage on their own.

For example, if you don't understand the security deposit laws in Florida, you can find yourself in court.

If you don't know the difference between a service animal, an emotional support animal, and a pet, you could find yourself on the wrong end of a fair housing or discrimination lawsuit.

Professional property managers will protect you from mistakes, emotional decisions, tenant disputes, and legal claims. We are always updating our lease agreements, contracts, and policies to reflect the new laws, and we educate our staff on everything they need to know to keep you and your property compliant.

Many landlords realized that DIY property management is dangerous during the COVID-19 pandemic. Maybe you've struggled to collect rent from tenants who were impacted by a job loss or salary reduction. When evictions were temporarily banned, what options did you have for getting your rent collected?

A professional property manager has planned for this. We know how to communicate with tenants and keep you out of trouble.

Local Market Knowledge

Professional property managers follow the trends and requirements of the local real estate and rental markets. We understand what homes are renting for, what tenants want in a property, and how to market to a wide pool of well-qualified prospects.

This knowledge can save you money on long vacancy times. It can help you price your rental home correctly, and it can help you make improvements and updates to your property so it's more attractive to the best tenants.

Many landlords choose DIY property management over professional property management because they think they're saving money.

Actually, you're more in danger of losing money by not pricing your property correctly, allowing a longer than necessary vacancy, wasting time during turnovers, and paying too much for maintenance services.

Tenant Issues

Everyone has heard one or two horror stories about tenants that didn't pay rent or those who broke their lease and snuck out in the middle of the night.

Many landlords worry about property damage or unauthorized dogs attacking neighbors.

You can't be too careful with tenants, and that's why a rigorous screening process must be in place. When you manage your own home, you often don't have access to

the nationwide credit, eviction, and criminal background checks that you need.

You might not have the time to verify income and employment, and you might feel uncomfortable calling current or former landlords to perform reference checks.

Property managers make a point of finding and placing the best and most qualified tenants in your home. You can count on marketing that's more strategic and screening that's more thorough.

The result is a better tenant who will take care of your rental property and follow the lease terms.

Controlling Maintenance Costs

Most property management companies get discounts from the best vendors and contractors in the area. We provide them with a large volume of work, so they provide us with the most affordable prices.

When you are an individual landlord, you'll find you're paying more for plumbers, electricians, landscapers, and even handyman services.

Don't wait too long to hire professional property managers. Self-management can be stressful and expensive. While certain projects are best completed with a DIY mindset, renting out a home is not one of them.

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Chapter 6 Professional Property Management Help: 10 Questions to Ask

As you learn more about what's required to be a landlord, you might be thinking professional property management is the best way to go.

But even hiring a property manager can seem a bit overwhelming.

There are a lot of choices, and everyone is probably making big promises. If you're like most property owners, you're looking for a team of professionals with local and industry experience, a fantastic reputation, and excellent communication skills.



During your initial interviews, we think you should ask a potential property manager these 10 questions.

Their answers will tell you what you need to know about how they do business.

1. What is your property management experience like?

You want to work with an experienced property management company, but don't be too impressed by the number of years they've been in business. Get to know what kind of experience that entails. Has it all been in south Florida? Has it been with the types of property you own?

2. How do you handle tenant placement and screening?

The tenant in your property will determine whether you have a successful or a stressful rental experience. Ask about tenant screening and retention. You want to know what they're looking for when they choose a resident for your property.

3. How is rent collected and paid?

Rent collection is an important part of property management. Find out when it's due and when it's considered late. Will a tenant have to pay late fees and if so, who keeps those late fees? Ask about how eviction is pursued and prevented.

4. Who responds to maintenance emergencies and routine repairs?

Some management companies have their own vendors and others use outside vendors. Find out how the property manager handles repair requests and whether they are available 24 hours a day to respond to emergencies.

5. What types of vendors do you work with?

All vendors should be licensed, insured, and experienced. Property managers who try to cut corners and save money can end up putting you at risk and costing you more than is necessary. The liability you incur is not worth the few dollars you might save.

6. How do you handle the accounting associated with my property?

A full-service property management company should be able to keep careful accounting records. You should receive detailed statements that outline the income and expenses related to your investments. Make sure you can access this information online through a portal or a software system. You'll still want to consult with your CPA or tax attorney, but basic rental property accounting should be included in the services a management company provides.

7. How do you leverage technology?

Property management software has become sophisticated, and a good management company will use it for marketing, screening, repair requests, rental payments, inspection reports, and communication. You want to work with a modern management company that's flexible and innovative.

8. What have you learned about the local rental market?

Look for a response that demonstrates the property manager you're talking to has a good understanding of the local trends and the tenant demands. You need someone who is knowledgeable and in touch with real estate and rental homes in your area. Their answer will

also show you if they focus on vacation properties, long-term rentals, multi-family units, or everything in the residential market.

9. What sets you apart from other property managers?

Every property manager you talk to will tell you about their extensive screening process and their on-time rental collections. Find out what makes them different. How do they manage your property differently, and what do they offer that other companies can't? That's where the real value can be found.

10. How are your leasing and management fees structured?

Everyone asks about fees. Save it for the end, though, when you're sure this is a company you'd like to do business with.

These are questions we hear all the time as local property managers, and anyone you're considering as a management partner should be more than willing to answer them for you.

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Conclusion

Maybe you're ready to jump into the role of landlord or you know right away that you're going to need a professional property manager to help you navigate the local rental market, the complex laws, and the best practices that go with finding tenants, advertising your home, and maintaining your investment.

Anyone can be a landlord. But to be a successful landlord, you need all the right tools, resources, and support.

We're here to provide it. We want to help you succeed, and we're determined to improve the standards and the service in the property management industry in Florida.

If you have any questions or you'd like to build on the foundation we've laid in this book, please contact us at RE/MAX Elite. We'd love to talk to you.