



## Professional Property Management

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Residential Properties

### INVESTMENT PROPERTY TIPS

**Being a landlord is not always a comfortable job or position.**

Perhaps, you are thinking of buying a home in this area now, with plans to move in yourself at a later date. During the interim you may consider using the property as a rental investment. It is a great idea and will most certainly help with the mortgage and other costs, but remember renting anything out to others can be a risk. You wonder if they will take care of it and what the condition will be when you are ready to take possession. It is difficult to allow someone else to take possession of a property that will someday be your dream home.

**There are several things to consider before putting a property on the market for rent. Remember the FEDERAL/STATE Fair Housing laws. Here are some questions that you may be asking?**

Are you willing to allow pets and/or smoking? What length of lease do you want with the resident? What does your insurance policy say about a vacant home if something should happen to it and how do they feel about listing TNT, Inc. as additionally insured? Should you rent it furnished or unfurnished? What appliances should be provided? Should window treatments be provided? Will you pay any of the utilities? What about yard maintenance? Who is responsible for any damage or cleaning after a resident vacates?

**TNT, Inc. has some suggestions and answers on these subjects:**

**PETS:** Amazingly, a substantial percentage of the people who are looking to rent a home have pets. If you restrict the home to "Assistive Animals Only" you are narrowing your market by over one half. TNT, Inc. collects a \$250.00 deposit per pet. We never allow a pet under one year old and all animals must be spayed or neutered. TNT inspects the property thoroughly (even a black light inspection) before refunding any deposits. Our properties sustain a very small percentage of pet damage.

**SMOKING:** A certain percentage of the people inquiring for rentals do smoke. If the property is an investment rental, may suggest you allow smoking or outdoor only smoking. However, if this property will be your home in the future and you do not smoke, we will market the property with a "No Smoking" stipulation. The majority of our properties are either non-smoking or outdoor only smoking properties.

**LEASE TERM:** We have found that prospective residents prefer to have an opportunity to make a decision. By offering more than one term you are giving the prospective resident a chance to make a decision with their future. We suggest offering a 6 month term at a set rate and then offer a 12 month term at a lesser rate. This encourages the prospective resident to make a decision of how long they wish to commit and be rewarded for a longer term. By encouraging a longer term lease, you are also more likely to have a stable income for that period. We discourage longer terms than 12 months as situations for both owners and residents can change.

**INSURANCE:** Talk to your agent about the disadvantages of a vacant home and possible damage. We require that our property is insured as a rental property and verify that TNT, Inc. can be listed as additionally insured on your policy. You will also want to discuss an appropriate amount of liability coverage with your agent; our insurance carrier requires a minimum of \$500,000.00, and we agree that you should have at least a \$500,000.00 minimum and even consider a higher coverage.

**FURNISHED VERSUS UNFURNISHED:** A furnished home can be more difficult to rent and may have an increased turnover of residents. Those looking for a furnished home could be in town for pleasure, temporary employment or for the purchase or building of a new home for themselves. The market for a furnished home is considerably more limited. If you offered a furnished property, consider the ultimate rent value to include utilities. Unfurnished properties invite a longer term resident.

**APPLIANCES:** We suggest you furnish the stove and refrigerator. Moving large appliances in and out can be hard on doorjamb, carpet, tile and vinyl floors. If your property is an apartment or condominium type of dwelling, we would suggest you provide a washer and dryer. This is especially so, if the property may be desirable to college students. If your property is a single family dwelling, we would suggest that the resident could provide their own washer and dryer. Typically damage to the appliances that was done by the resident will be charged to the resident, however regular maintenance will be charged to the owner.

**UTILITIES:** We recommend that residents pay for natural gas, propane and electricity. Water, trash and sewer are optional, however if you have nice landscaping you may consider offering the home with the water paid as residents may not be willing to pay a high water bill for watering your rose bushes or lawn.

**WINDOW TREATMENTS:** A unit supplied without window treatments is an invitation to your resident to drill holes in the walls and leave holes behind at move-out. It also encourages makeshift window coverings, such as sheets, blankets or worse. For these reasons, we do require that your property have adequate window coverings before a resident takes occupancy.

**LANDSCAPING MAINTENANCE:** For units of two or more, exterior maintenance in all common areas is your responsibility. For single family homes, yard maintenance is your option. As a suggestion, you may wish to pay for yard service and water if the landscaping is an important issue. Even though our lease reads that the resident is to care for the yard, we cannot guarantee compliance (or the residents' gardening expertise). If during our monthly drive-by inspections it appears that attention is needed, we will remind the resident of their responsibilities. If the problem persists, TNT will correct it to the best of our capabilities and charge the resident for those services. Some properties have easements, which should be cared for by the owner. Some of these areas can be treacherous or even inaccessible and invite trouble by asking the resident to maintain.

Our office has an excellent system of tracking damage and cleaning costs with our move-in and move-out inspections. We will charge residents for any damage or cleaning related directly to them; however we are very fair and will not charge a resident without merit.

All residents are protected by the Arizona Residential Landlord and Tenant Act and have "rights in possession". The law specifies for what reasons they may or may not be evicted.

As difficult as this may seem, we suggest you keep emotions about the property to a minimum. Think of the mortgage that is being paid by renting it out! Normal wear and tear is to be expected. All damage that may occur can be repaired and anything can be replaced.

All of the above also applies to investment properties. A "return" on your investment is the key word; not the blind that became damaged and can be replaced with resident's deposit money. Our professional opinion on smoking in an investment property is that it be allowed with an "outside only" policy. The important issue is keeping them rented. While it is wonderful to find the perfect, non-smoking, no pet and wishing a one-year lease type of resident; they are few and far between. Allowing pets, smoking and outside only smoking, and open lease lengths are a sure way of providing an open market and continued income.

**There are many considerations to make regarding an income producing property. If you have additional questions, please feel free to contact our office.**