Proven Real Estate System Used by Thousands of the Nation's Leading Agents and Investors

The 15-Minute Landlord

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DEDICATION

To Mike. Thank you
for making me a better person
than I would have been
had we never met.

To Jeannie. Thank you
for making me the person
that I am
since we met

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Preface

The 15-Minute Landlord came about from watching landlord after landlord suffer under the weight of their rental properties. Perhaps they never wanted to be landlords in the first place. Perhaps they wanted to be landlords, but did not have the skills to succeed. In any case, they only succeeded in making themselves and their tenants miserable.

As a professional property manager, my job is to guide and watch over my client's real estate rental investments. I am good at this job when allowed to do it. But more and more, property owners want to be increasingly hands-on in the process even though they have neither experience being a landlord nor running a business.

I do not want you be miserable. I want you to succeed and be happy as a landlord. I truly believe that the buying, holding, and renting of real property is a wonderful way to build wealth and should be a part of every person's diversified investment portfolio.

Your ability to be happy as a rental property owner comes down to three factors: your priorities, your system for success, and your ability to capitalize on your investment. In essence, these three items represent your goals, how you are going to achieve those goals, and the reward for achieving those goals.

My purpose in publishing this book is to guide anyone who wishes to know the strategies to being an effective landlord. You already possess the ability to succeed; my job is to simply show you ways to help that innate ability to flourish. There are shortcuts the professionals use and I want to show you those short cuts.

Acknowledgements

Many people inspired the book, read drafts and all deserve thanks and praise. My first acknowledgement goes to my business partner, Mike Bjorkman, who set me on the road to this project long before I knew it myself. Mike is a mentor, a coach, a business partner, a family member, and a friend. I am clearly a better person than I ever would have been had I never met him.

Thank you to Jon Mahn, who saw my potential, encouraged me to push my boundaries, challenged my thinking, and supported my vision. Your business experience, landlord experience, observations, and word-smithing have been extremely valuable during this project.

Next, I acknowledge and give thanks to the entire team at SCV Leasing. The words and ideas in this book are the result of systems that our team uses everyday. However, while I am out writing about it, they are out actually doing the heavy-lifting. There is no doubt that their experiences and expertise has led directly to the book you now hold in your hands.

Finally, and most importantly, to my wife Jeannie. Thank you for reading all the early drafts late into the night. Thank you for not being mad at me when I did not accept all of your feedback in the spirit in which you gave it. In short, thank you for your support during the writing of this book.

Introduction

I recently read an article about owning rental property that was written by a person who was both a CPA and an attorney. His advice included assuring that the property had positive cash flow, the placement of yard and window signs as an example of effective marketing, and eventually selling as an exit strategy.

That all sounds reasonable and the author was technically not wrong. It is true that positive cash flow is a good thing, that you want to put up a sign so that people know your property is for rent, and someday you may want to sell.

But that author is expressing a conventional and conservative way of thinking about owning, holding, and managing rental property. By the time you finish this book, you will have learned why negative cash flow is not always a bad thing, that there are about a dozen ways to attract tenants that are more effective than simple yard and window signs, and why selling does not always make sense.

Who Should Read This Book

Current and prospective landlords will find a great deal of valuable content in this book. The advantage for a new landlord is obvious; they do not currently possess the entire skill set in order to be an effective landlord. You will learn the necessary strategies to become an effective owner of rental real estate.

Current landlords will benefit as well. I know all about their frustrations; they may have the right tools, but they may need some insider information to round out their knowledge. This book provides that insider knowledge.

Whether you want to spend 15-minutes a day, week, month, or year, this book shows you how to be a successful landlord.

How the Book is Organized

The 15-Minute Landlord is arranged in three parts: prioritize, systemize, and capitalize. Each part covers a different aspect of being an effective landlord.

The first part of this book helps you set priorities. Why are you entering the rental business? Is it to diversify your investment portfolio or because you are trying to save your house from foreclosure? The person who wishes to diversify is in it for the long haul and understands that real estate will not make you rich overnight. The landlord who is simply renting in an effort to avoid foreclosure, or any reluctant landlord for that matter, is acting from a point of desperation. He or she is more likely than not to have a miserable time and would probably be better off selling now at a small loss now rather than being discontented for years to come.

Another important consideration is if you have the temperament to be a landlord. I will introduce you to your personality style. While no personality style makes the perfect landlord, understanding yours and that of your tenant goes a long way to helping you communicate better and maximize your investment.

Ultimately, you may discover that you are not a good candidate to be a successful landlord. In that case, you may simply need to be a real estate "investor." We will also discuss differences between a landlord and an investor.

The second part of this book helps you systemize your rental business. A 15-Minute Landlord knows that the renting of real property is actually like running a small business, and all businesses need effective systems to run properly. Systemization is all the nuts-and-bolts stuff that, though unglamorous, needs to be done. Systems you will have mastered by the time you finish this book include determining your minimum rental qualifications, preparing your rental, and pricing your rental. In addition, you will learn how to market and show your rental, how to screen tenants, and how to make trouble-free lease agreements.

The third part of this book helps you capitalize on your investment. You will learn where to pinch pennies and where to spend dollars most effectively. Should you pay for the gardener? How about the water? After all, you have a nice yard and if you pay for the water, the tenant will make sure to water it well. Or would they?

The 15-Minute Landlord also helps you locate, interview, and work with a professional property manager. Psychologists say that one of the most stressful parts of any partnership is money. Real estate investing is all about money. When you hire a property manager, you are essentially getting "married" to a stranger who is going to manage your investment.

<u>Along the Way</u>

Keep an eye out for the opportunities within the book to obtain additional free information from my website. For example, right now you can go to my website www.15MinuteLandlord.com, register if you are a first time user, and type the word **PITFALLS** into the "Free 15" box to receive my *Ten Common Pitfalls of the Unsuccessful Landlord*.

<u>Expectations</u>

The biggest lesson I have learned in my years spent as a tenant, then as a real estate investor, and finally as a professional property manager is that managing property is really about managing expectations. Each of the players, whether tenant, owner, or manager, brings with them certain expectations.

Tenants expect to be able to find out that the property is available to rent. They expect that you will show the home when it is convenient for them. They expect the home to be move-in ready. They expect to pay the current market rate for rent. In addition, the tenant expects the owner to make repairs in a timely manner.

Owners expect to find a renter quickly. They expect to show the property when it is convenient for them. They expect that everyone will love their property. They expect top dollar for their rental. Moreover, the owner expects the tenant to understand that not every repair is necessarily an emergency.

The manager expects to be able to represent quality properties that have realistic property owners and tenants. They expect the owner to treat their rental like an investment. They expect to receive market rate rent for the property. They expect the owner to allow them to maintain the rental in a good condition. They expect the tenant to treat the property with respect. Like the owner, the manager expects the tenant to understand that not every repair is necessarily an emergency.

So the question is, or at least should be, how do we align the expectations of the tenant, owner, and manager so that everyone is content? This book answers that question and a diverse range of others.

Final Thoughts

I own a professional property management business and rental properties in many states. I am neither a lawyer nor insurance agent/broker. Always check with your local real estate board, attorney, and insurance agent. Make sure you know the real estate laws and landlord/tenant regulations in your area.

Now it is time to begin your transformation into a 15-Minute Landlord. Owning and renting real property is a time-tested method for building great wealth. However, to understand why, first you need to understand the economics of the investment you are about to make.

Part I

Prioritize

Introduction to Part I

Get Your Priorities Straight, Kid

Satisfaction with your landlord experience is directly related to your goals and expectations. My personal goal is to spend as little time as humanly possible thinking about my investment properties. Your goal may be to have something to do while you are retired, to generate enough money to retire, or your goal may be something more altruistic. Perhaps you do not know what your goals are yet.

This first part of the book is about prioritization and helps you understand the many and varied benefits of owning rental property. You will discover whether you are more suited to being a landlord or a real estate investor.

On a deeper level, you will discover your personality style, the style of your friends and family, and why you interact with them the way you do. When you understand your personality style and those of your tenants, you become a more effective communicator and ultimately a 15-Minute Landlord.

Chapter 1

Dollars and Sense

What you learn in this chapter:

- Why real estate is like a 401(k) that someone else buys for you.
- Why real estate is a hedge against inflation.
- Why real estate is considered tax advantaged.
- Why real estate is a great way to earn future dollars.
- What features you might want to consider looking for in a rental property.

Owning residential rental property has many advantages. The ability to generate income is one of those advantages. But there are some more subtle advantages that many people do not consider including tax benefits and the benefit of inflation when it comes to paying down the mortgage on your investment property.

Cash Flow

There are two kinds of investments: investment for cash flow and investment for future value. A rental property that has positive cash flow means that the income received each month exceeds its expenses. An investment whose income does not exceed its expenses is a property with a negative cash flow. Sometimes you will hear this called *cash flow*, as in, “My duplex cash flows great,” or, “That house won’t cash flow.”

Is negative cash flow a bad thing? Maybe, but not always. I might buy a property in an area that has a greater potential for *future value*, also called appreciation, but does not necessarily cash flow at this time. If I can afford to make up the difference between the income and expenses each month while waiting for the appreciation, then there is no problem. An example of a market where properties do not necessarily cash flow is coastal Southern California. Almost all rental property in that market is purchased for future value. That means that investors believe that someday the investment will be worth significantly more than it is today. Southern California has wild real estate price fluctuations, depending on the market. The condominium you buy today for $250,000 with ten percent down may not cash flow for several years. However, that same condominium may gain another $150,000 in value in the next five to ten years. The cash flow investor would have missed the $150,000 opportunity that the future value investor seized.

Now compare the Southern California market to the Texas market. In general, Texas is a cash flow market. In parts of Texas, you can buy a condominium with ten percent down and expect to receive a conservative return of ten percent each month after expenses. The downside is that the value of your property is only going to increase relative to the amount of rent you can obtain. If rents go up or down at a rate of three percent per year, so will the value of your investment.

The preceding examples illustrate why someone might choose one investment area over another. Are you buying future value or are you buying cash flow? Both are excellent reasons to invest. However, both will also shape your thinking and the way in which you approach your rental property. If you buy for future value, then a little loss each month might not bother you. After all, you went into the deal expecting to lose a little each month. But if you bought for cash flow, and for some reason you do not obtain that expected cash flow, you might be more than a little agitated.

Positive and negative cash flow are easy concepts to grasp; either you are cashing checks or writing checks. Understanding tax advantages, inflation, and future value are more difficult. To facilitate that discussion, you are going to purchase a sample rental property.

Sample Rental Property

Your sample rental property has three bedrooms, two bathrooms, and is a single-story home in a working-class neighborhood. (This is also what I would suggest as a good first-time investment in rental property.) You purchase your property with a ten percent down payment and take out a thirty-year fixed-rate loan on the balance. Your fictional payment is $800 per month and your other expenses like taxes, insurance, and repairs add an additional $200 per month to that number. So your total monthly expense on your property is $1,000 per month. Finally, assume that your property just happens to rent in today's market for $1,000 per month.

Even in this break-even scenario, your tenant is literally buying your property for you. You put up the first ten percent, the bank loaned you the other ninety percent, and the tenant's rent is going to payback the bank for you. Where can you find a 401(k) that will do that? Do you know of any bank that will loan you even a dollar so that you can invest in your 401(k)? Will someone else payback the bank the dollar that was loaned to you? If a bank will not loan you even a dollar to invest in your 401(k), what does that tell you about the stock market?

Moreover, when your property value goes up, all that money, which is called *gains*, is yours to keep. And even more incredible, you may never have to pay taxes on those gains unless you want to.

Tax Advantaged

How is it possible that you never have to pay taxes on your gains? Simple: when you are ready to "sell" your starter rental property, you use the IRS 1031 exchange rules and "trade" your current rental for another rental. For example, say it is ten years from when you bought your starter rental property. In ten years, you will most likely experience some appreciation, and your tenants will have been paying down your mortgage for you as well. Now you are ready to sell and move on to something that makes even more money: a fourplex.

You are probably already familiar with the concept of a *duplex*, two units under one roof. A *fourplex* is simply four units under one roof. The investment theory goes that the more units under one roof, the more opportunities you have to receive rental income. If a house goes unrented, you are receiving zero percent of your rental income. However, if one unit out of four is unrented, you still receive seventy-five percent of your rental income.

Therefore, you visit your friendly neighborhood real estate professional and, using IRS 1031 exchange rules, you sell your starter rental property and buy the fourplex. All the accumulated appreciation and all those years of the tenants paying your debt for you form the basis of your new down payment.

But, you ask, what about the taxes on the gain in value? As long as you trade up in debt and equity you do not have to pay them. Because you exchanged one rental property for another, the capital gains are transferred to the new property - the fourplex.

To continue this scenario, it is now ten years after you exchanged your starter rental property for your rental fourplex. By then you will most likely experience some appreciation and your tenants have continued paying down your mortgage for you as well. You again reach the point where you are ready to sell and move on to something even bigger with even more cash flow potential: an apartment building.

Once again, you return to your friendly neighborhood real estate professional. Again using IRS 1031 rules, you sell your fourplex and buy an apartment building. The accumulated appreciation and the years of the tenants paying your debt again form the basis of your new down payment.

But, you ask again, what about the taxes on the gain in value? As long as you trade up in debt and equity you still do not have to pay them. Because you exchanged one rental property for another, the capital gains are transferred yet again. This time, to the apartment building.

Finally, you come to end of your life. From one tiny investment given time to grow, your holdings are now worth many times more than that original ten percent investment from twenty years ago. So what happens to the capital gains when you die? They evaporate. You read correctly, they go away. You leave your property to your heirs, and the value of your property is reset to the current market value.

As an aside, you were never obliged to sell any of the properties in the example.

Moreover, you were not obliged to escalate the size of your investment from a starter rental property, to a fourplex, and then to an apartment building. I simply wanted to illustrate how one modest investment in a small rental property, along with a little time, can make you equity rich. Instead of trading your properties, you could have put some of your own money down each time and simply kept the starter rental property, the fourplex, and the apartment building in your investment portfolio.

Finally, do not forget that all of your rental expenses, including management fees, may be tax write-offs due to passive loss limits. Moreover, from time to time the government offers incentives to investors. For example, in the wake of Hurricane Katrina the government offered a huge first year tax incentive to investors willing to invest in certain parts of the southeastern United States. You should check with your tax professional to see which of your expenses you can write off and when.

Inflation

We hear in the news that economists are consistently concerned about inflation. What is inflation? Imagine that you woke up tomorrow and all the money in everyone's bank account had doubled. Further imagine that the amount of items available for purchase had not doubled. Suddenly, everything you ever wanted is now effectively half-price. You may even be inclined to go on a little shopping spree down at the mall.

On the way to the mall, you stop by the local convenience store for a cold drink. When you go into the store, instead of a soda costing $1, like it did yesterday, all the sodas now cost $2. Why? Because the convenience store retailer saw customers running around with handfuls of money, so he raised his prices to get some of that money for himself. In the language of economists, when there are more dollars in the marketplace, the marketplace adjusts prices to capture those dollars.

Look around the United States. The places with the highest real estate prices typically have the highest incomes. Is it because those homes are more valuable? No. It is because there are more actual dollars in that marketplace, so prices have adjusted to capture those dollars. This is price inflation in action.

Although inflation caused you to pay more for the soda, let us see how inflation allows you to pay less for your rental property. Remember your sample rental property? You received a fixed-rate loan for thirty years, and you have an $800 monthly mortgage payment that is never going to change. What do you think is going to happen to rents? Are rents more likely to go up or down in the next thirty years? I would bet that, in general, rents are going to go up. History shows that, even if they might slip a little here and there, the typical trend is always up.

Let us say that, conservatively, twenty years from now the rent on that same property is $1,600 per month. Your fixed monthly mortgage payment is still $800 per month. You are now taking in twice the money, not because your property is any different from twenty years ago, but because there are more dollars in the marketplace than twenty years ago. Inflation has literally doubled your money when it comes to paying off your mortgage.

If inflation drives up prices you are safeguarded because your rents are also going up at the same time. This protection against inflation is why rental property, as an investment class, is known as an excellent hedge against inflation. If the value of money gets inflated, it only benefits you because your property's mortgage is fixed. Moreover, if inflation erodes the value of a dollar, you are still able to purchase goods and services in the future because you have an asset that earns future dollars.

Future Dollars

Future dollars are simply dollars that you earn in the future. You will need to spend those future dollars on goods that you want to purchase some day. Remember when blue jeans cost $20 a pair? Now they are $40 or more a pair. A movie ticket was once $3, then $7. Now it is $10. That again is inflation at work.

The government prepares inflation figures based on a series of complicated calculations. Some economists believe the government underestimates inflation; others say it reports accurately. A 15-Minute Landlord is not concerned with how the government reports inflation. Your rental property keeps pace with actual inflation, not the government's stated inflation. Just like the cost of soda, jeans, and a movie ticket adjust to capture more of the available dollars, so will your rents.

We have established that twenty years from now, when you go to purchase soda, jeans, and a movie ticket, the prices will have increased. In order to make those purchases you have two choices. One, save money now for use in the future, or two, earn that money in the future.

Investing in rental real estate actually allows you to do both. You save your money in the form of a real estate rental investment. You can always sell the investment in the future to buy soda, jeans, and a movie ticket, or you can use the income generated by the rent to buy them. Either way you are earning future dollars to purchase future goods. Your earnings do not stop when you retire but continue by virtue of your real estate investment.

Investing

Whenever I invest in a new real estate market, I always consult with a good local real estate sales professional and good local professional property manager. The real estate sales professional can describe property costs, values, jobs, growth, and future gains in the market.

The property manager can tell me about potential rents, the length of time it might take to find a renter, and he or she can provide a picture of potential renters in the target area. In addition, the property manager, by virtue of working with other rental property owners, may know of a property not currently on the market that an investor may wish to sell.

There are many options when it comes to buying rental property. If you ask ten experts, you will get ten different responses on what is the best investment. My ideal initial investment property is a modest-sized single-family residence in a working class neighborhood. Specifically, I would invest in a single-story, detached single-family home with three bedrooms and two bathrooms. The backyard should be large enough for the tenant to have some friends over for a barbecue, put up a swing set, kick a ball, and let the dog run around. I would concentrate my efforts on areas with good schools. The neighborhood does not need to be filled with Jaguars and BMWs; Chevys and Fords will do fine. The neighbor's yards should be clean but do not need to be showy.

Accordingly, I research the middle-of-the-market rent price in the area in which I intend to invest. Then, keeping that target price in mind, I search for an investment property that will rent for that middle-of-the-market price. I want my rental property to appeal to a large cross-section of renters. What is the average rental price in your target area? Get with your local real estate sales professional and your local property manager. Find a property, a neighborhood, and a price range that will put you in the middle-of-the-market.

The old real estate proverb of "location, location, location" also applies to your purchasing of rental property. If you want some more tips about what I look for in a rental property go to my website www.15MinuteLandlord.com, register if you are a first-time user, and type the word **INVESTMENT** into the "Free 15" box.

Conclusion

You now know why buying, holding, and renting real property is an excellent way to build wealth. However, knowing that something is a good investment and wanting to make that investment are two different things. The next chapter discusses the mindset required to be an effective 15-Minute Landlord.

You now understand:

- Why real estate is like a 401(k) that someone else buys for you.
- Why real estate is a great hedge against inflation.

- Why real estate is considered tax advantaged.
- Why real estate is a great way to earn future dollars with which to buy future goods and services.

Chapter 2

I Got My Mind on My Money and My Money on My Mind

What you will learn in this chapter:

- The difference between a landlord and a real estate investor.
- An introduction to the concepts of Prioritize, Systemize, and Capitalize.
- What it means to have an investor's mindset.

In the previous chapter, I explained some of the benefits of buying, holding, and renting out real property. I even covered what I believe is a good first investment property. It is my firm belief that everyone should have at least one rental property in his or her investment portfolio. The question to answer is should you be a landlord or an investor? Before you answer, consider the following story related to me by a real estate industry colleague about their landlord experience.

> Overall, the whole landlord experience for me was not a pleasant one. I didn't like many of our tenants and I did not enjoy dealing with them. You have to be a certain kind of person to want to be a landlord and you have to be a whole other person to be a good one. I am not the kind of person who is cut out to be a landlord. We sold our last rental three years ago and I was so glad to finally get rid of it. I don't think I will ever do what we did again. I'll leave that up to the professional landlords.

My colleague's experience shows that there are people out there who have struggled, and continue to struggle, with being an effective landlord. The heart of *The 15-Minute Landlord* is effectively managing residential rental property. Effective management covers a large range of subjects, including preparing the property for lease, marketing, showing, preparing lease documents, collecting rent, and managing repairs. However, effective management first requires us to get into the proper mindset to own, hold, and manage real property. Are you capable of engaging in the business of rental real estate or are you better off being a real estate investor?

If you are self-managing your property, you are in the business of rental real estate. If, as a professional property manager, I am managing your property for you, you are a rental real estate investor. The distinction is subtle, but important. When you hire a property manager, you are giving up some control in exchange for also giving up the headaches. As my colleague noted above, “You have to be a certain kind of person to want to be a landlord and you have to be a whole other person to be a good one.”

That “certain kind of person” either treats their rental as a business or allows a professional to guide them. Those are the only two choices if you wish to be successful and happy as someone who owns, holds, and rents real property.

To treat your rental like a business means to pay attention to the details. You need to prioritize, systemize, and capitalize. First, you prioritize what your goals are. Then you create a system that will allow you to achieve those goals. Then you capitalize your business. Only after you prioritize, systemize, and capitalize can you begin to run a successful rental business.

<u>Prioritize</u>

What are your goals for buying, holding, and renting real property? If you have a committed goal, then you are more likely to do the required work to achieve it. One of my personal goals is to be able to retire and have a steady flow of income from many diversified sources. One of those sources is a traditional 401(k), another is my business ventures, and a third source is my rental real estate holdings.

Because I do not want to retire for another twenty years, my horizon is broad. I can treat my rentals as a marathon and not as a sprint. I have time to build equity, allow my tenants to pay the mortgage, and then exchange those properties for new ones with even better cash flow.

Since I have a long investment horizon, I can mix my portfolio with properties that cash flow today, that do not cash flow today, that may have great long-term appreciation, and that may have low future appreciation. If I experience some negative cash flow each month, that does not bother me either. I am earning enough income today to make up for any negative cash flow and my goal is entirely long term.

If your investment horizon is shorter, you may want to be more aggressive at paying off your rental. Consider purchasing one rental property and then putting any cash flow from that property, along with any extra money you have each month, into paying off that property. The quicker the mortgage is paid off, the more cash flow you will have.

I applaud that plan, but as soon as I paid off that first property, I would be looking to purchase a new rental property. I would then take all the rental income from both properties, along with any extra money I had, and start aggressively paying down the mortgage on the second property in order to increase my cash flow even more.

Many real estate experts champion a plan just like that. They want you to hold your investment properties mortgage free. Other investors like the idea of having large mortgages and allowing the depreciation of the dollar and the appreciation of the asset to make their money for them. Perhaps you will decide to blend the two into a system entirely your own.

Systemize

Can you tolerate doing paperwork? Are you detail oriented? How is your follow through? Be honest with yourself when answering these questions. These qualities are required in the business of real estate management. Running a rental business is no different from running any other kind of typical business. You have to prepare your goods for the marketplace, market your goods, collect money for your goods, and pay the bills for your business. If we substitute the word *rental* for the word *goods*, you have an idea of how the process works.

Part II of *The 15-Minute Landlord* discusses the systems that you will need to be a quality landlord. How well you are systemized determines how well you manage your business, which determines how satisfied you are with your rental property experience. Moreover, how satisfied you are with the experience relates to the amount of wealth you ultimately build.

Capitalize

Although *capitalize* will ultimately mean making money, at this point in the process it means putting capital into the business. The Small Business Administration says that the number one reason that new businesses fail is undercapitalization. In other words, owners do not have enough money to keep going.

If you opened a business selling “widgets,” your creditors will not wait for you to sell enough to pay your bills. Instead, you put some money into a start-up account and run the business off that money until you can sell enough widgets to start and sustain the flow of income. It is no different with your rental business.

As a professional property management company, our office inevitably fields a handful of calls each month from property owners asking, “Where's my money? I have a mortgage due on the first of the month. I need that money.”

Now, I like having customers use my business, so I politely remind them that “pursuant to our written agreement, all funds are distributed by the tenth of each month. It may take a couple of days after that for the mail to get to you or for your bank to process your automatic deposit.”

What I feel like saying is, “If you stop trying to pay this month's bills with this month's rental income, and instead pay this month's bills with last month's rental income, you will never be late, and you’ll have much less stress.”

The unsuccessful landlord puts themselves under unnecessary strain by undercapitalizing their investment. They force themselves to dance the line between collecting and depositing rents, and being late with their mortgage payment. All of this stress leads to dissatisfaction with their rental property, stress that could have been avoided by simply capitalizing their investment at the beginning.

The reasons for being undercapitalized are many. Sometimes landlords spend too much or make too little. Many landlords are not clear about why they are holding rental property in the first place. If you are not clear about your goals for your rental property, then being "short" every month will be a huge mental burden that will negatively affect your mindset.

On top of being short every month, your tenant calls and says that the sink in the master bathroom is dripping and it needs to be fixed right away. You say, "I don't have any money to fix that. Don't you know I'm losing money every month on this property?"

The problem is that the tenant frankly does not care, nor should he or she. The tenant's concern is their leaky faucet, and they want it fixed. You need to go fix it yourself, or send someone to fix it. No matter which way you choose, it's your job as a landlord. As a potential landlord you need to look critically at this situation. Are you comfortable taking on what amounts to another job?

Investor Mindset

If you are not comfortable with another job, perhaps you should remove yourself from the business of owning rental property and instead simply focus on being a real estate investor. When you hold rental property as an investor, you are removing yourself from the process by hiring a third party to manage the investment on your behalf.

Hiring a third party, typically a professional property manager, can add an entirely new dynamic to your thinking. You now have a new layer between you and your investment. That management layer may or may not have the same expectations as you when it comes to renting your property. My good friend and fellow real estate investor Jon Mahn once told me, "If we want to be successful in investing in rental property, we have to learn to say yes."

When the manager calls and says you need to buy a new dishwasher for one of your units, you say yes. When the manager calls and says the tenant will be a couple of days late with their rent, you say yes. When the manager asks you to paint your purple walls, you say yes. When the manager calls and says that they need to reduce the asking rental price of your property because the market has softened, you say yes. When the manager calls and says it is time to raise rents, you say yes. Essentially, you are allowing the professional to do their job.

Whereas the businessperson is worried about their *income statement*, the investor is concerned with their *balance sheet*. In accounting terms, the income statement reflects revenues minus expenses. In other words, how much you made and how much you spent. It is a valuable but ultimately myopic way to look at a business.

The investor, on the other hand, is generally concerned with the balance sheet, which focuses on the value of the asset versus the liabilities. In order to adopt the investor mindset, you should stop calling your rentals *homes* and start referring to them as *assets*. With that one little shift in thinking, you can change your attitude toward your real estate investments.

Many of my clients have a hard time getting over the investor mindset hurdle. Even after they hire a professional, they fail to separate themselves from their investment. Ultimately, they will never make any real money in rental real estate until they shift from “home-sweet-home” to “asset-sweet-asset.”

This mind shift is often difficult for property owners who are renting out the home where they raised their children. All they can see is where little Billy learned to ride a bike and little Suzy standing in the living room in her prom dress. They see the holidays and birthday parties of years past.

What does the renter see? The renter sees a single-story home with three bedrooms and two bathrooms in a good neighborhood with great schools close by for $1,000 per month. Unfortunately, the renter also sees a house last updated in the Carter administration and carpeting that has a geological period named after it.

The tenants do not have a stake in the owner's memories or the love of an outdated color scheme. The sooner the owner switches their thinking and aligns it with the tenant’s, the quicker they will be on the road to success.

<u>Conclusion</u>

So are you capable of being in the business of rental real estate, or are you better off being a real estate investor? This is an important step toward becoming a 15-Minute Landlord. Sometimes the answer to that question comes down to how comfortable you are interacting with the public. Do you want to make everyone you meet happy, or is that not your job? Do you like to mingle with people at a party, or are you always checking your watch for when you can leave?

The next chapter helps you better understand your personality style and why you react to certain situations in certain ways. Moreover, you will better understand your tenant’s personality style and how to effectively interact with them. These are more of the tools needed to be successful at owning and renting real property.

You now understand:

- The difference between a landlord and an investor.
- What it takes to be a landlord.

- How to get over the investor mindset hurdle.

Chapter 3

Who Says You Don't Have a Personality?

What you will learn in this chapter:

- How to “READ” people.
- How to determine your personality style.
- How to communicate with different personality styles.

Have you ever witnessed a great salesperson in action? He or she makes you feel like you, and only you, exist. Then you see him or her work equally well with another customer, and you say to yourself, “Now there’s a real people person.”

One advantage that the great salesperson has over the average salesperson is an understanding of how personality styles guide our interactions with others. When you understand these different personality styles then you can tailor your message to that personality style. Sending a tailored message that the receiving party understands the first time is the key to effective communication.

Sometimes it is said that an effective communicator knows how to read people. We can use the word READ as an acronym for the four different personality styles: Relater, Expresser, Analyzer, and Driver. Note that it is extremely rare to find a person who reflects only one personality style, so you will likely see yourself reflected in more than one of the styles.

In this chapter I am also going to give you generalized descriptions of landlord and tenant traits that you might observe. My descriptions focus on the dominant aspect of that personality style, which may not apply to every person in the same way. But my observations come from years of training and experience with both landlords and tenants.

Relater

People who are relaters are deep into relationships. They like their core group of friends. They love to talk, are caring, and sensitive. When they ask, they really do want to know how you are doing, what you did last weekend, or what you are doing next weekend. They want people to like them. They are reliable. They will do everything it takes to do the job right.

Sometimes relaters may take too long to get to the point. They may also take a little too long to get a job done. They will go way out of their way to make everyone happy regardless of the correct or proper thing to do.

Landlords who are relaters will feel the need to make sure the tenant loves their property, may allow verbal agreements instead of written ones, will jump every time the tenant calls even if the situation is not an emergency, and will feel hurt if the tenant does not keep his word.

Tenants who are relaters may be preoccupied with what you are going to think. They want to be your friend and part of your life. They might call you for every little thing, beginning the conversation with, "Just to let you know...." They want to let you know that, whatever it was, it was not their fault, so do not be mad at them. If you hurt their feelings too much, they turn into the tenant who asks for every little repair in the world and remains angry until you like them again.

The nice thing about having a relater as a tenant is that they tend to be more accommodating and understanding. For example, if it takes an extra week to get a repair part for a faucet, they can understand. They simply appreciate the effort that you are taking on their behalf to make your property nice.

Expresser

People who are expressers are colorful. They love groups. They love to get together, chitchat, and bond. They are often good at public speaking and networking. They are good at convincing people based on emotion. They are the salespeople of the world. They have to have every new thing that comes out, and they have to have it now. "I don't care what it costs; it's going to make me look super," is their motto.

Sometimes, expressers say the wrong thing to the wrong person at the wrong time. They may be considered gossips. They are less concerned with numbers and figures than with making their point.

Landlords who are expressers may want to impress the tenant with how they acquired their property and may elaborate on its amazing features. They do not know if the sink works, but the kitchen has amazing granite countertops. They may promise to do something but not follow through on that promise.

Tenants who are expressers may request unnecessary improvements to your property in order to make the property better in their eyes and the eyes of their friends. They may ask to paint rooms, upgrade draperies, or change the gardener. They will want everything nice in order to impress others.

They will ask for repairs that are more expensive. If the faucet breaks, they will request a higher end replacement, not the normal builder-grade one. The repair must be nicer, prettier, and an upgrade.

If you are not paid on time it is not because the expresser does not care, it is just that numbers (size, amount, time) are different in the expresser's head. The fifth of the month is the same thing as the first of the month to the expresser.

The nice thing about the expresser as a tenant is that they are going to keep your property well maintained. They do not want their friends coming over to a messy home.

Analyzer

Analyzers are numbers oriented. They are organized and neat. They are "same time, same place" kinds of people. Analyzers are sold on proven results, not opinions or hopes. There has to be a clear order regarding why certain things are going to happen. They do not shoot from the hip.

Some people describe analyzers as slow to make a decision or even boring. They must have things planned out. They are rarely spontaneous and are sometimes said to suffer from "paralysis of analysis."

Landlords who are analyzers may not trust the tenant when he or she claims something is broken. They will be frustrated by requests for little repairs because everything will need to be looked at by a professional. They will expect their tenants to live up to every clause in the contract.

Tenants who are analyzers want to make sure that all repairs are done to code, are perfectly safe, and are 100 percent correct. Thus, you may spend more money because every repair will require a professional; they want the reassurance that a professional brings. Analyzers do not like surprises, so if they are surprised then they are also likely to be frustrated. Once frustrated, they will start going by the letter of the law, not the spirit of the law.

The nice thing about having an analyzer as a tenant is that you get your check on time and your contracts will always be thoroughly read and abided by.

Driver

Drivers are stimulated by action and need results quickly. They are fantastic at coming up with ideas and getting them started. Drivers do not take time for small talk. They are results oriented.

Sometimes drivers are not always the most organized people. They are not necessarily good at doing tasks themselves, so they delegate. They rarely appeal to people's emotions. They can sometimes hurt others' feelings because they mostly care about getting things done. They are often too busy to listen to others.

Landlords who are drivers may be impatient with repeated tenant questions. They want to know the bottom line up-front and may not take the time to determine their tenant's true expectations.

Tenants who are drivers probably will not call you about little repairs; they will have those repairs done themselves and then may ask you to pay for it after the fact, possibly even by deducting the repair from the rent without asking you first. Drivers want you to appreciate the fact that they took the initiative to get a repair done without bothering you.

The nice thing about having a driver for a tenant is that they will only contact you when they need you. Otherwise, they do not need, or want, to have their hands held during their tenancy.

Application of the Personality Styles

Did you see yourself in there? Understanding who you are may help explain why you like, treat, and interact with some friends and colleagues differently.

Do not confuse personality style with having a strong will. We can all be motivated to accomplish a single task. However, if you do not enjoy or are not suited to particular tasks, then you are not going to do them effectively. Having a strong will may make you a landlord, but being able to assess personality style and, more importantly, understanding how to get what you want from other personality styles, assures that you will be a 15-Minute Landlord.

No single personality style is best suited to being a landlord because each person is unique. How you apply what you know to your rental business is where the proverbial rubber meets the road. If you are an expresser and thus perhaps not so good with accounting, you may want to hire someone to keep your books. If you do not have great follow through, such as a driver, you may not want to handle repairs to your rental but instead hire a contractor. Perhaps you are a relater. You may not want to call your tenant about their late rent and hear a sad story, whether true or not, about why they cannot pay. In this case you may want to hire someone to help you collect your rent. Alternatively, maybe you are an analyzer who is very careful about finances. You may find that a good, happy, long-term tenant is worth actually spending a few extra dollars on when it comes to repairs or improvements.

Conclusion

Relater, Expresser, Analyzer, Driver - which one are you? Which personality style would you like as a tenant? In a later chapter, you will learn how to use this same information when you create your advertising. Advertising is just one of the many steps of an effective system for running your rental business. In Part II, you will learn the entire system required to be a 15-Minute Landlord.

You now also understand:

- The differences between the relater, expresser, analyzer, and driver personality styles.
- How those personality styles are exhibited in a landlord.
- How those personality styles are exhibited in a tenant.

Summary of Part I

It’s Money (and Mindset and Temperament) That Matters

Part I of *The 15-Minute Landlord* explored many different concepts of prioritization. In Chapter 1, you learned many economic reasons why rental real estate should be a priority in your investment portfolio. In Chapter 2, you learned that being a landlord is a business and like all businesses you have to prioritize your time, money, and energy. And in Chapter 3, you learned what role personality styles play in being a landlord. Understanding if you have the temperament to be a landlord should be a high priority.

Economics, mindset, and temperament are key ingredients to becoming a successful 15-Minute Landlord. The definition of success is clearly individualistic. My definition includes the concepts of plenty of free time, low stress, and earning income from my investments. What is your definition of success? An honest answer to this question will give you insight into your mindset and temperament, which will affect your level of satisfaction as a landlord.

Part II

Systemize

Introduction to Part II

All Systems Are Go

In the first part of this book, you Prioritized your goals for your rental business. Part II of *The 15-Minute Landlord* will help you to systemize your business.

When the nineteenth-century German author Thomas Mann was asked about the use of systemization he replied, “Order and simplification are the first steps toward the mastery of a subject; the actual enemy is the unknown.” The steps we will discuss in this section can eliminate, or at least greatly curb, the unknown.

Chapter 4

What Will You Accept

What you will learn in this chapter:

- How to eliminate surprises for your tenant.
- How to prepare written guidelines for your tenant.
- How to frame your expectations for your tenant.

As landlords, although we are judging our prospective tenants, our prospective tenants are just as often judging us. Tenants have a choice as to which house they rent, so they may as well find a house whose landlord is clear in their own expectations.

The first step to eliminating surprises for the tenant is to determine what you will and will not accept. A 15-Minute Landlord has these expectations in writing and provides a copy to every applicant. The goal here is twofold. First, you want to establish early in the relationship with the tenant that, as a landlord, you have expectations. Second, you want to establish a level playing field for every prospective tenant in order to avoid any legal land-mines down the road.

The use of written guidelines, provided to the prospective tenant at the time they receive an application, can also help the prospective tenant understand what you are looking for in a tenant. I use the following written guidelines in order to frame my expectations for prospective tenants:

- <u>Rent-to-Income Ratio</u>: The combined gross income of all people who will sign the lease should be at least two and one-half times the rent. For example, tenants of a property with a $1,000 per month rent should have a combined gross income of at least $2,500 per month.

  <u>Occupancy</u>: Occupancy is governed using the two-plus-one rule: two people per bedroom plus one additional person. Therefore, a three bedroom home would have a maximum occupancy of seven people.

  <u>Security Deposit</u>: The security deposit is equal to one month's rent plus $500. Therefore, a home that rents for $1,000 per month will have a security deposit of $1,500.

  <u>Holding a Rental</u>: A full security deposit, completed and approved application, and

a signed lease are required in order to “hold” a property off the open market.

Pets: If the landlord allows pets, tenant must pay an increased security deposit of $250 per approved pet.

Prorated Rents: If you move in before the fifteenth of the month, the rent will be pro-rated. If you move in after the fifteenth of the month, we ask for one month's rent and then the second month's rent will be pro-rated.

Let us review each of these six written guidelines in a little more detail.

Rent-to-Income Ratio

The rent-to-income ratio helps you determine if the prospective tenant has sufficient income to pay for the rental property. After all, you do not want to rent out your property for $1,000 to someone who only makes $1,001.

When you bought your property, the bank likely analyzed how much debt you were going to have with the new mortgage and balanced that debt against your income. That was your debt-to-income ratio. You should use a similar system when considering prospective tenants.

I use the two and one-half times rent-to-income ratio as a general guideline. If the tenant has a long job history, satisfactory references from previous landlords, and otherwise low debt, you may wish to consider reducing the rent-to-income ratio. Conversely, if the tenant has many debts, you may want to consider a higher rent-to-income ratio.

You will have to decide how much risk you are going to accept on this issue. If the rent is $1,000, that means the tenant must have $2,500 per month in income in order to qualify. That equates to $14.42 per hour of full-time employment. If the average wage in your area is well lower than $14.42 per hour, you may have to use an adjusted rent-to-income ratio.

If the tenant does not have an acceptable rent-to-income ratio, you can always request that they have a *guarantor*. A guarantor is a person who signs the lease along with the tenant but who does not live in the property. The guarantor is only there to aid in the income requirement. If the tenant does not pay the rent, you can call the guarantor for payment.

The need for a guarantor comes in many shapes and sizes and it is not necessarily related to tenant being a “bad person.” I have had tenants who just left an abusive relationship and did not have the greatest income or a recent landlord history, but they brought a guarantor who did have sufficient income and credit. For me that created a win-win situation. The tenant has a safe home and I have two people who are responsible to pay the rent. I love guarantors. The tenant never wants to disappoint the guarantor so they usually pay their rent on time.

Occupancy

Occupancy laws have been established to curtail discrimination against any protected class. Protected classes include race, color, national origin, religion, sex, familial status or handicap. Refusing to rent to Catholics or homosexuals are obvious examples of discrimination. A more subtle form of discrimination is refusing to rent to families with children and instead wait to rent to “a nice couple with no children.”

Occupancy laws vary from state to state and you should know your state’s law. California, for example, does not have a specific law. But the two-plus-one rule has become the *de facto* law, meaning it is the commonly used rule to which the courts would refer in determining if a case for discrimination exists.

Find out your occupancy law and publish that number. Some potential sources for the occupancy law in your state include www.Nolo.com, the real estate professional who sold you your property, the property manager you consulted with when you purchased your property, and your state's department of real estate.

Security Deposit

Many people confuse the security deposit with the first or last month’s rent. The security deposit is held in order to make repairs to the residence should the tenant either cause damage beyond normal wear and tear or default on the rent.

Mistakes some landlords make with security deposits are either not collecting enough or requesting too much. Not collecting enough security deposit may not provide you enough insurance against damage. Asking for too much security deposit may place your rental out of the reach for many prospective tenants.

Security deposits are governed in a couple of ways. First, they are governed by the law in your state. In California, we may collect no more than two times the amount of the rent for an unfurnished property. Since we only rent unfurnished properties, our figure of one month's rent plus $500 is safely under that requirement.

The second item that governs security deposits is the “custom” of your area. Say your rent is $1,000 per month. Can the average tenant in your area come up with $1,500 as a security deposit? The real estate professional who sold you the property and the property manager you consulted should be able to help you determine the customary security deposit in your area.

Many landlords like to collect first month’s rent, last month’s rent, and a security deposit. I am fine with that method if you can get all of that money. For my property management business, collecting that much money would be difficult. The average rent in my market in 2010 was a little over $2,000 per month. That would mean we would need to collect $2,000 for the first month, $2,000 for the last, and $2,500 for the security deposit. Most tenants in my region do not have $6,500 laying around to tie up in a rental. If they did, they would likely be buying, not renting.

Another popular misconception among landlords is that the tenant will simply consider the security deposit as the last-month's rent, effectively reducing your security deposit. Although this is possible, it seldom actually happens. I am not afraid to go to small claims court to get what I am owed from a tenant and you should not be either. If a customer did not pay you in a more traditional business, you would go after them. It is no different here; you need to protect your business.

Holding a Rental

Do not take your property off the market just because you received an application. Only after you have a complete application, you have approved it, you have a signed lease, and a full security deposit should you take your property off the active market.

Here is an example that shows why you should wait. My office located and approved a tenant for one of our managed properties. All the paperwork was in order, including a signed lease, and we had the tenant's security deposit. The tenant went to move in and discovered that their furniture would not fit in the property. The tenant decided not to move in.

Leases are signed contracts and as I said before you should be willing to go to court to enforce the contract. In this case, we negotiated with the tenant to release the security deposit to the owner in lieu of forcing the tenant to continue with the contract. The owner lost a couple weeks of marketing for the property but was compensated $2,500 for that lost time.

If you are going to take your rental off the market, only do so when you have some advantage over the tenant. Your written expectations tell the potential tenant that you will not stop marketing until you have a signed lease and security deposit in hand. That forces the tenant to perform quickly if they do not want to lose the opportunity to rent your property.

Pets

Americans love their pets. In fact, according to the American Pet Products Manufacturers Association, 63 percent of Americans have at least one pet. We are clearly a pet nation.

So what happens if you do not accept pets in your rental? You disqualify a giant pool of applicants. If you accept pets, you should increase the security deposit to cover any damage caused by the pet. Unless otherwise required by local law, do not call this a "pet deposit" because you may then be required to use that money to repair only damage caused by pets. Instead, call it an "increased security deposit." That will expand the use of that money to repair *any* damage or to replace *any* unpaid rent.

If you are going to accept pets, you need a written pet policy. To download a copy of my pet policy, visit my website www.15MinuteLandlord.com, register if you are a first time user, and type **PETS** into the “Free 15” box.

Note that service animals are not pets, and service animals are not necessarily limited to seeing-eye dogs. Some service animals assist the hearing impaired, those in wheelchairs, and those who suffer from seizures. If you have a prospective tenant who insists their pet is a “service animal,” ask for some form of proof. Service animals are often registered with a service animal group, or the owner should have documentation of the animal’s professional training. A vest with patches is not proof.

Prorated Rents

The final item on our list is about prorating rent payments. If your tenant moves in before the midpoint of the month, then you should prorate the rent. If they move in after the midpoint of the month, you should collect the first month's rent, and prorate the second month.

This rule ensures that a tenant does not move in on the twenty-eighth of the month, pay three or four days rent, and then never pay again. By placing this in your list of requirements, the tenant will have been notified that this is a requirement of renting your property and they will not be surprised about the amount of money they have to pay at the time they sign the lease.

Benefits

Putting down all your expectations in writing has two major benefits. First, you are documenting your expectations of your tenants; thus, you are reinforcing those expectations in your own mind and recommitting to renting your property to a qualified tenant. Second, it levels the proverbial playing field for all tenants.

Say you are considering two tenants. Tenant Y is in a protected class under the Federal Fair Housing law, and tenant Z is not. Tenant Y has the required income and meets the occupancy rules. But tenant Y does not have the security deposit and will not have it for two more weeks. Meanwhile, tenant Z puts in an application to rent your property, meets each of your qualifications, and can move in right away, so you choose to rent to tenant Z. Tenant Y says “no fair” and insists that you discriminated against them. But if you have provided clear written guidelines to every prospective tenant, you are in a position to successfully defend yourself. Tenant Y knew, or should have known, that your property would not be held because you told him or her in writing that an approved application *and* full security deposit are required before you will take the listing off the market.

The final lesson to take away here is that you should not stop actively marketing your rental even while you are in the application process. Assuming that the tenants are otherwise equally qualified, tenant Z could move in now but tenant Y could not. Choosing tenant Z allowed you to put two weeks additional rental income in your pocket.

Nevertheless, accommodating the timing needs of a qualified tenant is a perfectly acceptable strategy. I have personally accepted tenants that could not move in for three weeks because they had all the appearances of being good tenants. I simply asked for their security deposit up front. If they failed to move in, I already had their money.

Conclusion

The first step in the system used by a 15-Minute Landlord is now behind you, and you know your minimum qualifications for a tenant. Type out those minimum qualifications and put them in a folder that you will keep with you until you rent out your property.

This process has prepared your mind for what lies ahead. Now it is time to prepare your property.

You now also understand:

- How to calculate and use a debt-to-income ratio.
- Why you do not hold a property off the market until you have the security deposit.
- How to prorate rents like a professional.

Chapter 5

Make Ready, Make Money

What you will learn in this chapter:

- How to prepare your property for showings.
- What repairs and upgrades are necessary.
- Why pinching pennies could actually cost you dollars.

In Chapter 2, you learned about getting into the business and investor mindset. You also learned that one of the greatest problems that professional property managers routinely encounter is the property owner who has not detached themselves emotionally from their "home." Those same property owners tend to overlook many small items that need repair. Putting a property in show condition is what the *make ready* process is all about. Your inattention to the make ready process delays your property from renting quickly for the most money possible, and will cause you future repair headaches.

Repairs and Upgrades

Perhaps your property's paint is old, a certain drawer in the kitchen always sticks, or some small item is broken. You may have lived with these things rather than repair them. Truth be told, that sounds a lot like the house I live in. The difference is that I am not asking a tenant to pay me $1,000 per month to live with my old paint and stuck drawer.

Please heed these words of advice: turn your attention to all the little items before renting your property. Like all other properties for rent in your area, yours is competing in the rental marketplace. Prospective tenants will notice unrepaired items. Moreover, even if the tenant does happen to miss them during the initial viewing, they will call and call and call until you repair the stuck kitchen drawer or the broken fan over the cook top. Being a 15-Minute Landlord is in part about managing your time. A small expenditure of time and capital before your property is rented frees up your time after your tenant moves in.

Often times repeated demands for repairs lead the owner to say, "It is a rental. What do they want? We managed without it for all the years we lived there."

This is the “homeowner’s mindset.” The owner is continuing to envision his or her experiences in the home. In order to be an effective 15-Minute Landlord, you need to accept responsibility for the condition of your property.

Unrepaired items will limit the rentability of your property. Not everyone loves purple walls as much as you might, so neutralize wall colors. If the linoleum in the kitchen is torn or the carpet in the living room has a path worn into it, replace them. If you have avocado green appliances, purchase and install new ones.

Even if you do not believe you can afford it, calculate the cost of lost rent versus the expense of the repair or replacement. My office had a property on the market for $1,900 per month; a fair price for a property in its neighborhood. The property had a burnt orange-colored range, threadbare carpet, and the linoleum in the kitchen and entry were worn through. The feedback we received from showings indicated that prospective tenants found these items to be major limitations to renting this particular property. The property owners told us that they did not have any money to put into their rental. However, they were willing to replace the appliances, carpet, and linoleum after new tenants moved in.

What these property owners failed to accept was that by not addressing those items needing attention they were dramatically reducing their pool of potential applicants. There is certainly a tenant for every property, but a 15-Minute Landlord wants to appeal to the broadest market possible and find a renter quickly.

The property in my story should have leased for $1,900 per month. I suggested to the property owner that they had three options. One, replace the range, carpet, and linoleum. Two, reduce their asking price to something so ridiculously low that a tenant will overlook the property's obvious shortcomings (for $1,500 instead of $1,900 per month, many tenants in our market will overlook a lot of things). Three, do nothing, in which case the property would sit vacant.

I estimated that the repairs and upgrades would cost about $3,000. The cost of reducing the rent by $400 per month, over a twelve-month lease, would be $4,800. Moreover, the cost of doing nothing would be $1,900 lost rent every month. If the property were to languish on the market for another three months, that would total $5,700 in lost rent.

If the owner were to invest $3,000 in their business, the property would rent quickly. Lost rent of $5,700, minus the $3,000 investment, is a profit of $2,700 on that investment.

You might say, “But the owner was willing to replace the appliances, carpet, and linoleum after they had a tenant in the place. What’s wrong with that?”

In short, the prospective tenant wants to know what kind of property they are renting before they move in. The owner may replace the carpet, but with what? The owner is asking the prospective tenant to take some risks that the tenant may not want to accept. First, that the owner will actually replace the appliances, carpet, and linoleum. Second, if the property owner does replace them, that the new items will be acceptable to the tenant. After all, the lowest grade new appliance is still new. New lime green shag carpet is still new carpet. And, new taxi-yellow linoleum is still, by the letter of the law, the "new linoleum" the property owner promised.

Beyond the replacements themselves, consider the inconvenience to the tenant of replacing appliances and flooring while the tenant is occupying the property. When can the tenant use the kitchen again? Who is going to move and store the tenant's furniture? What rooms can the tenant not go into and for how long? Is the tenant going to receive compensation for their loss of use? The entire situation sets itself up to be a battle with the tenant that the owner does not want to have.

Here is another story of a property owner from which you can learn. Our company represented a property in a small, gated community. The property was on the market for $2,000 per month. The property had a good floor plan, a great view, and walls that were purple - not light lilac, not mauve, but deep grape-juice purple. Even though all the feedback we received from prospective tenants was positive towards all other features, it was always negative towards the wall color. The property owner would not budge on our suggestion to repaint the property.

Our average time on market is less than thirty days. That particular property sat vacant for over four months, and eventually the owner removed it from the open market. At $2,000 per month, that's $8,000 in lost rental income. If it cost the owner $2,000 to paint the property completely, the owner still would have pocketed over $6,000 of rental income.

The bottom line is your rental is a business. If your property needs painting, paint it. It does not have to be a stunning paint job, just a decent one in a neutral color.

As a closing note to the story of the purple walls, about four months later, we rented out a similar property in the same community, with the same floor plan and neutral walls for $2,200 per month. Please do not lose $6,000 just because you love purple walls. The 15-Minute Landlord fixes a small problem before it becomes a big one.

Cleaning

Another valuable tool in the make-ready process, and one that will make your property standout from the competition, is to have it professionally cleaned. Making this minor investment now will make your rental show better. In other words, it will actually put money in your pocket because the nicer your property appears as compared to the competition, the quicker a tenant will write an offer to lease your property.

If you want my twenty-point list of "should-do" cleaning items, visit www.15MinuteLandlord.com, register if you are a first time user, and type the word **CLEANING** into the "Free 15" box.

Staging

I have read many articles that suggest staging a rental in order to make the property more appealing to prospective tenants. *Staging* is what new home builders do with their model homes. They decorate them to look lived in, comfortable, and inviting.

In my opinion, the only time you need to stage a rental is if there is a limitation with your rental. If there is a small dining room, then tenants may not believe that a table for four will fit in that space. Go ahead and stage. If there is a funny angle or corner about which everyone who visits says, “Oh, I would never know what to do with that corner,” go ahead and stage. Otherwise, leave your property vacant, clean, and move-in ready.

A vacant property will rent significantly faster than an occupied property for two reasons. First, the tenant cannot always see their possessions in your property if they are too busy looking at your possessions. Second, a vacant property creates a certain amount of anxiety in the tenant. If the property is vacant, the tenant knows that they must move on the deal quickly or they may lose the rental.

We had a property owner who had a large, lovely home, but it was stuffed full of the owner's possessions. Papers were literally stacked to the ceiling of the office. In the dining room a huge table that normally seated ten was set for sixteen. Furniture completely filled the master bedroom. The owner's possessions filled every nook and cranny. Prospective tenants could not focus on the house; they focused on the owner’s possessions.

“I don't understand,” said the exasperated owner, “don't they know I can have all this stuff out of here in a couple of days with a moving company?”

“No, they don't,” I replied. “Tenants aren’t like buyers. They don't always have the ability to envision how a space could be. Besides, they don't really believe you could be out of here in a couple of days.”

With that feedback, the owner began to remove their excess clutter from the property. Ultimately, the property leased within a week after the owner finished their de-cluttering program.

This owner was definitely a “pack-rat.” A close cousin to the pack-rat is the “furniture dealer.” The furniture dealer says, “I'm going to leave that armoire/hutch/dining table. It's really pretty/really expensive/really heavy/antique, and I'm certain the tenant is going to want it.””

You are a landlord, not a furniture dealer. Do not leave any furniture in your property while you are marketing it. Do not presume that the tenant wants any of your stuff.

Also, do not have construction or renovations underway while you are marketing the rental. Tenants cannot be certain the work will be done when they want to move in. The whole process of make ready is to get the property ready to live in. All projects should be completed when you are showing your property. Your tenants should be able to move in tonight. Having your property as turnkey as possible significantly increases your chances of locating a tenant.

If a tenant sees that your property is move-in ready, they are more likely to make an offer to rent it.

If your situation requires you to be in the property until you find a tenant, at least keep it clean and clutter free. You are going to be moving anyway, so get a head start on packing. A great place to start is by packing up half of everything in your closets and cupboards. That will give the appearance of more storage. You can store these items either at an offsite storage facility or neatly in your garage.

Conclusion

Step one of the system made you ready. Now step two has made your rental property ready. The key lessons from step two were to clean it, repair it, and store it. A 15-Minute Landlord knows that a ready property is a rented property. Now that your property is ready for a tenant, you need to establish the price.

You now also understand:

- Why you need to give attention to all unrepaired items.
- That items like out-of-date carpet, paint, and appliances can cost you a tenant.
- Why staging is not always necessary.

Chapter 6

The Price Needs to Be Right

What you will learn in this chapter:

- The expense method of property pricing.
- The at-market method of property pricing.
- How to use free resources to price your property.

Think of the real estate rental market like a three-legged stool. The first leg is the condition of your property, which we talked about in the last chapter. The second leg is the price, which we will discuss in this chapter. The third leg is marketing, which we will examine in the next chapter.

This chapter focuses on strategies you can use for pricing your rental property. The two methods of pricing are the expense method and the at-market method.

Expense Method

Some landlords price their rentals based on what they owe. They add up their mortgage, taxes, insurance, upkeep, management fees, add in some profit, and, bingo, they have their price. This is the *expense method* of arriving at a price; you add up all your expenses and you have your price.

That is certainly one pricing strategy and, depending on your expenses, it may be a valid one. But could that method cause you to leave money on the table? Or could it price you out of the market?

Many of the property owners I work with are reluctant landlords. They would rather sell their properties, but the fair market price of their property is less than what they owe. So they reluctantly choose to rent out their property, often times at a significant monthly loss.

If these reluctant landlords attempt to make up their losses using the expense method, their asking rent would be too high. By entering the market so far above what is reasonable, they are setting themselves up for reduction after reduction. The strategy of starting well above market and then continually reducing your asking rent in search of the right price is akin to catching a falling knife.

Remember back to the sample investment property from Chapter 1. The market rental rate for that property was $1,000 per month and the expenses conveniently totaled $1,000 per month. Using the expense method would work fine for that property. However, what if the true market rate rent was only $750 per month? Using the expense method would cause you to be $250 over market price.

We all remember that one house in our neighborhood when we were growing up that was perpetually for sale. The owner likely rationalized that, “If someone wants to pay me what I want, then I'll sell it. Otherwise, I am just fine where I am.”

The difference between that seller and you as a landlord is that the seller is not trying to run a business, but you are. Do not own the property that would never rent. Remember that the goal is to keep your property rented and the cash flowing in.

Another reason not to adopt the expense strategy is that neighbors will talk. Once your tenant moves in they will eventually meet the neighbor who will say, “Man that house took forever to get rented.”

The tenant may not know that for several months your property was overpriced. They are left to wonder what everyone else knew that they did not. In an effort to answer that question, they may go on a problem-finding search and, believe me, they will find something. Moreover, who has to fix that? You do, and it is likely to be at considerable cost of either your money or your time, neither of which is conducive to being a 15-Minute Landlord.

By setting your price unrealistically high from the start, you have created doubt in the tenant’s mind. Their lease just started and the tenant is already thinking about moving after the end of their lease.

Returning to our example, you begin by marketing your rental for $1,000 per month. The market is only $750 per month, but you do not know that yet. So you leave it on the market for thirty days, and then you adjust the price to $900 per month. Your property remains unrented for a couple of more months. Following reduction after reduction you finally stumble upon the true market price of $750 per month. You have wasted three months trying to rent your property. That is three months of mortgage payments with no income and $2,250 down the drain.

Just as painful, what if the true market rate rent was $1,400 per month? Using the expense method you are cheating yourself out of $400 per month of rental income. That is $4,800 per year of lost rent.

At-Market Method

Now, you will see how to price your rental property like a professional. You are going to find the *at-market* price for your rental property; that is, the price that most tenants are willing to pay. When you bought your property, your real estate sales professional used comparable prices of similar properties in your neighborhood, also known as *comps*, to discover the current fair-market value of the property. You are going to do the same thing to find out the market price of your rental.

First, start with your own neighborhood. Drive around and seek out “For Rent” signs. Call those property owners, pose as a prospective tenant, and find out how much they are asking, what is included, any special features, and how long the home has been available.

Next, go online and research the websites of local property management companies. What do they have for rent with a similar square footage, bedrooms, and bathrooms in your neighborhood? Call and tell them you were considering renting out your property and were interested in their opinion on price. You do not have to tell the management company that you are not going to rent with them nor are you obligated to hire them.

My office even offers this service right from our website. Our website has a “My Rental Value” page that property owners can use to submit a price request for our local area. We provide a professional price estimate within twenty-four hours. We are hoping to earn the business of those property owners that request a value, but if you can use that free information for your own rental, it is a smart use of your resources and time.

Then check to see what deals and specials the newer apartment buildings in your area are offering. Many apartment buildings offer great amenities, newer interior finishes such as granite and contemporary colors, shorter lease terms, and discounted security deposits. That is a strong challenge to compete with, so you need to know what they are charging.

Finally, have your professional real estate agent search the local Multiple Listing Service (MLS) on your behalf and provide you with a list of active rentals. Due to certain fees involved, not every rental property will be in the MLS, but many will be because of the wider audience it can attract.

After you have completed your research, you will know the market price for your rental. Before posting that price, let me give you one other tip. I am fixated on eliminating my vacancy factor. Your *vacancy factor* is the percentage of time that you property remains unrented. I would rather collect rent than allow my property to sit unrented. Therefore, I am willing to rent my personally owned properties out at slightly below market value. They will rent quicker and the tenants tend to stay longer.

For example, if the market rental value is $1,000, I may put my asking price at $950. At $50 less per month, that means I will be making $600 less over a one-year lease. Nevertheless, I am more likely to rent out my property quicker. Even one-week quicker puts an additional $237.50 in my pocket. Moreover, a sophisticated tenant will know that the rental is under market value and may stay another year. If the tenant remains for an additional year, then I will have also eliminated the one-month vacancy factor and put another $950 in my pocket.

When you consider the $950 for the eliminated vacancy factor, and add the $237.50 for the quicker rental time, and then subtract the $600 for setting my rent lower, I have still actually pocketed $587.50 on the year. In fact, because of the lease extension, I probably pocketed more since I have eliminated cleaning, repair, advertising, and leasing fees.

Conclusion

As a 15-Minute Landlord, you now know that there are two different methods to pricing: expense and at-market. Both work, but I believe the at-market method to be superior. At the very least, if you use the expense method, you should go through the exercise of the at-market method to make sure that you did not leave any money on the table by setting your rent too low.

Your three-legged stool is almost complete. To stand properly, all three legs (condition, price, and marketing) must be in balance. The third leg, which will be covered in the next chapter, is the effectiveness of your marketing.

You now also understand:

- That pricing could affect not only your rental income, but also your long-term relationship with your tenant.
- How to use local resources such as property managers and the MLS to determine price.
- How a vacancy factor affects your income.

Chapter 7

To Market We Go

What you will learn in this chapter:

- The difference between an A-tenant and a B-tenant tenant.
- How to write an effective advertisement for your rental.
- Where to place your advertisement.

A 15-Minute Landlord understands their *market,* which in your case can be defined as the specific type of tenant you wish to attract to for your rental property. Your market is not the entire world, it is not all the people in your town, and it is not even all the people looking to rent in your town. It is much smaller than that. The quicker you identify your target market and get your message in front of them, *the* quicker you find a quality tenant.

If your rental is in a college town, then your target market may be college students. If your rental is in a retirement community, then your target market may be people over fifty-five. Wherever your rental is, you have a target market. But no matter who the target market is, you need a good tenant.

A-Tenants Versus B-Tenants

A 15-Minute Landlord wants a good tenant, but they are not always easy to identify. My business partner, Mike Bjorkman, likes to say that, "We are looking for A-tenants, while the rest of the world is looking for B-tenants." *A-tenants* are motivated, ready to move, and qualified. They have good credit, stable jobs, and funds for the security deposit. A-tenants are less likely to try and negotiate the rent or security deposit.

Why someone might rent versus buy is entirely subjective, so it should not be a limiting factor in approving a renter. For example, I live about an hour from my office. Should I ever decide to move closer to my office, I will rent because I can rent an amazing property, in a fantastic neighborhood, where someone else will clean the pool and mow the lawn, and pay my HOA fees. All of this for about $3,000 per month less than I would have to pay to purchase a similar property; and that does not include the five to ten percent down payment that I would need to supply as a buyer.

Instead, I could take that same down payment and the $3,000 per month savings, and buy more rental property. Now, my investment property is paying my rent.

B-tenants, by contrast, always have something to explain. They want to tell you why they have bad credit or why that criminal charge is on their record. Whatever they explain is the fault of someone else. They are going to try to negotiate the rent, the length of the lease, or the security deposit. You know you have a B-tenant when he or she says, “I promise I'll pay the security deposit next week. I'm getting a check from a friend.” Or “Can we break that security deposit into three parts? I don't have that much money right now.”

If a prospective tenant has a story to tell you, walk the other way. Bad things can happen to good people, but you are not obliged to rent to them. You are looking for tenants who take personal responsibility for themselves. The B-tenant is always going to have a reason why they cannot pay their rent.

From time-to-time a landlord will contract with my office to provide assistance evicting an existing B-tenant. When we contact the tenant on behalf of the landlord, we receive any number of excuses. They state they had to make repairs themselves, that the home was unsanitary, or that the owner actually owes them money for the work they have done to the property. Never once has a tenant told us that they manage their money improperly and that is why they cannot pay their rent.

B-tenants never accept responsibility for their own actions or misfortunes. A 15-Minute Landlord avoids B-tenants in order to limit the time spent managing their rental business.

Identifying Your Market

A-tenants exist in every target market; you need to identify where they will be looking for rentals. If the tenant is used to living behind the gates at the country club, they probably are not your target market for your working-class neighborhood rental.

Tony Drost of First Rate Property Management in Boise, Idaho, has many college students in his area. Tony’s website says that his company has identified their target market as the Millennium Generation.

> The Millennium Generation is very concerned about time. The Millennium Generation uses technology to minimize their efforts (and) to maximize free time. This is why the internet is becoming more and more the shopping grounds for this generation. In regards to rentals, the Millennium Generation prefers to save time and browse rentals in the comfort of their own property. This is why having complete property descriptions, photos, and virtual tours are so important.

Tony clearly knows that his target market is college students with computers, and he focuses his energy on the places they will be searching. What is your target market, what are their concerns, and where will they be looking?

In my region, we have several target markets. We have the families whose greatest concern is the school district, we have college students whose greatest concern is price, and we have clients who are transitioning between homes and whose greatest concern is flexibility. But no matter which target market they are, they usually come to us through our website. In fact, a recent National Association of Realtors survey tells us that more than 94 percent of respondents thought that the internet "is becoming more important than print advertising to market a home."

With that in mind, the goal of most professional property managers is to direct the greatest number of prospective tenants to their company's website and allow those prospective tenants to make a choice from the many properties available. Allowing tenants to find a home themselves frees up the manager to handle other duties.

To drive people to our company's website, we use high-visibility signs in front of the property, boxes with flyers containing pictures and a description of the property, toll-free phone numbers with recorded descriptions of the property, and many other online and traditional print advertising methods. Once the tenant logs onto our website, www.SCVLeasing.com, they can view multiple photos of the property, take a virtual tour, and receive statistics about schools, crime, and the availability of shopping in the area, among other things.

Those are just some of the advantages of using a professional property manager with a strong marketing plan. Even though you will not spend thousands of dollars a month on advertising, you can still leverage many of the tools that a professional uses, and many of those tools are free. However, before you can place the advertisement, you need to prepare the advertisement.

Preparing the Advertisement

If you choose to market through the classifieds section of your local newspaper, a large advertisement is going to be expensive. That is why you often see the ubiquitous: "3+2, 1,800/sf home. $2,000/mo. Call Carl: 661-555-0202."

Advertisements such as that may, or may not, make your phone ring. Even if your phone did ring, you will have to answer a myriad of questions. Where is it located, how much is the security deposit, will you take pets, what school district is it in, is it one or two stories, can I see pictures? A 15-Minute Landlord's time is more valuable. You want your ideal tenant to come to you and the way to attract that tenant is by writing a good advertisement.

In Chapter 3, you learned how to READ people according to four personality types:

relater, expresser, analyzer, and driver. As an analyzer, would you be more interested in having an analyzer for a tenant? Perhaps you would be less interested in having an expresser for a tenant? Of course, there is no guarantee that you will attract a particular personality style, but you can certainly increase your odds based on how you style your advertisement.

Consider the following four postings to www.craigslist.org based on our sample rental property. I have tweaked each advertisement slightly in order to attract the attention of one of the four personality styles.

For the relater: Charming 3 bedroom, 2 bathroom, single-story home located in the tranquil Heather Glen area of Anytown. The yard is large enough for a pet, but private enough for a dinner with friends. Every Fourth of July the neighborhood throws a block party. The home has been recently and lovingly remodeled with nice paint, a new kitchen, and new bathrooms.

For the expresser: Amazing 3-bed, 2-bath home in desirable Heather Glen area of Anytown. Big backyard with plenty of room for entertaining friends. New kitchen with designer series, stainless steel appliances, and granite counters. Bathrooms are also new with top of the line fixtures. No expense spared here. Just painted.

For the analyzer: 3+2, 1,800/sf, single-story home in the Heather Glen neighborhood of Anytown. Tile roof and stucco exterior. Close to schools and shopping. Reputable local contractor has recently remodeled the home. Upgrades include new neutral paint, kitchen cabinets, appliances, lighting, countertops, and bathroom fixtures.

For the driver: Great 3+2 in Heather Glen tract of Anytown. 1,800 square feet of space to enjoy. Freeway and shopping close for commuters. Professionally landscaped and the gardening is included. Recent contractor remodel with all new paint, kitchen, and baths. 12-month lease required.

All four advertisements refer to the same property, but each was changed slightly to attract a different tenant. For the relater, the advertisement stressed the community feel. For the expresser, the advertisement highlighted all the upgrades. For the analyzer the advertisement focused on safety and professionalism. And for the driver the advertisement identified convenience factors.

Of course, you may also want to write a blended add that might attract more than one personality style or that attempts to appeal to all the styles. Whichever way you choose to prepare your advertisement, be aware that the words you choose affect whom you attract.

As a landlord with your own personality style, you have the propensity to write advertisements that appeal to your personality's preferences. You may want to attract a tenant with a similar personality, but doing so would mean foregoing the other three personality types. Thus, you are limiting your potential applicant pool. If your goal is to reach a larger tenant pool, have a friend with a different personality style review the advertisement and make changes that would get your friend to call.

Signs and Flyers

Once you have your advertisement prepared, the second step in marketing your property is to put the message in front of prospective tenants. Start with the obvious: a sign in the yard, which tells the world that the house is for rent. Do not waste time putting up signs all over town. You do not want to field cold calls all day answering questions about where the house is, how much space it has, or how much it costs. The sign tells people driving by that this property is for rent.

I have had clients in the past who did not wish to post a sign because they were afraid the home would look vacant and might be vandalized. A property for rent without a sign is confusing. The prospective tenant must be able to identify quickly which house in the neighborhood is for rent. Do not confuse your prospective tenants.

If you have the ability to place a flyer box in the front yard, do so and keep it full of flyers. The flyer helps the prospective tenant understand the many benefits and features of your property. A 15-Minute Landlord knows that flyers have two sides, so print your minimum acceptable requirements that you decided on in Chapter 4 on the back. Finally, remember to give the price. If the prospective tenant likes what they read, they will contact you for a showing. If not, they will not bother you thus saving you time.

Three Difference Makers

Most property owners will only place a sign and a few will put out flyers. Now here are three more marketing ideas that a 15-Minute Landlord needs to implement in order to attract more tenants. First, take multiple photos. Research conducted by the National Association of Realtors tells us that renters have become increasingly visual and demand more photos and full-motion videos; they expect more than simple print listings on-line.

If possible, use your digital camera to create a full-motion video and then post your video to www.YouTube.com. Alternatively, you can use the resources from sites like www.TourFactory.com to create a virtual tour for yourself. The added advantage to companies like Tour Factory is that they send your listing out to other websites at no additional cost to you.

The second advertising idea that a 15-Minute Landlord uses is to exploit free resources. Post to Craigslist and other free listing websites. But be vigilant. There are scammers who could take your posting and rework it with a new lower price and their own phone number. Then unaware prospective tenants call and the scammer sells them an application or, even worse, “leases” your property.

A tenant I knew fell for one of these scams. When he went to the house on the appointed move-in day, no one was there to meet him. He called the “landlord” who said that an unexpected out of town emergency had arisen and he could not meet the tenant personally. The tenant then called the manager whose sign was in the front yard. He told the manager he had rented the house and asked for the keys. The tenant explained he had paid the deposit and rent money over the phone. Imagine his surprise when the manager told the tenant he had been scammed and did not, in fact, rent the property.

Although this type of fraud is not 100 percent avoidable, you can help by searching for your own listing on a weekly basis. The people who run these scams are opportunists, so they will usually copy your advertisement verbatim and just change the price and phone number. Therefore, you simply go to the free listing websites where you have placed your advertisement and search for your own property using keywords such as the City, square footage, or other feature you may have described. If you find an instance of this scam, report it immediately. Sites such as Craigslist have been excellent in taking down offending posts almost immediately.

Another free site is your local “free classifieds” newspaper. Many towns have these; you normally find them outside of stores, car washes, and other businesses. We have had great success using these free resources. In addition, some free classified papers have websites that will also post your advertisement at no charge.

While we are on the subject of free, do not forget to post a flyer at your office, and for goodness sake, tell the neighbors. Type out a quick note and deliver it to the surrounding neighbors along with a copy of your flyer. The note should say something like:

> Who better than you to pick your next neighbor! If you know a family member or friend who would like to move into your neighborhood, please let them know about this beautiful home for lease.

This will also alert your neighbors to keep an eye on the house. And be certain to take them a nice gift if they bring you the successful applicant.

The third advertising technique is to contact your local property management company and ask them to market your property for you. Offer them a small fee to list your property in the same place as their other properties. The difference is that when a call comes in for a showing, the caller receives your contact information. The management company makes your phone ring, but you show your property, and you sign the lease.

Make sure to pick a company that spends real money on marketing, not one that only lists on their own website. My office offers an advertising-only service for our customers. Landlords who signup for it receive high-visibility signage, a box with professional flyers, a professional virtual tour, a dedicated toll-free number, complete internet advertising presence on hundreds of websites, print advertising, weekly e-mail reporting, and professional pricing assistance. Call your local professional property manager. I am sure they would be happy to sell you a similar group of services.

If you would like to know more about the advantages of using a professional to market your property, visit www.15MinuteLandlord.com, register if you are a first time user, and type **ADVANTAGE** into the “Free 15” box.

Fair Housing Laws

Finally, know your state and local laws, including the fair housing laws. Fair housing laws make it illegal to print or publish any real estate advertisement that indicates a preference, limitation, or discrimination based on race, color, religion, national origin, sex, handicap, or familial status. Nolo Press publishes a series of landlord law books that I use and highly recommend. Check your local library for a copy, or you can find them on the internet at www.Nolo.com.

Most states, and many counties and cities have websites that describe fair housing regulations. If you ever run into a fair housing claim, ignorance of the law is not an adequate defense.

Conclusion

As a 15-Minute Landlord, you now know how to write an effective advertisement that will attract the tenants you want. You know many ways to draw those tenants to you: signs, flyers, photos, online and free advertising, neighbors, colleagues, friends, and hiring a professional manager to advertise for you.

Now your three-legged stool is stable: the condition of your rental is good, the price is correct, and your marketing is in place and working. In the next chapter, I will teach you how to show your rental like a professional.

You now also understand:

- That there are A-tenants for every property.
- How to use the READ method to attract the tenant you want.
- Three difference makers that will set you apart from the competition.
