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GET THE SCOOP ON...

Visiting your property after the tenants are in ■ Retaining your best tenants as long as you can ■ Handling maintenance and complaints promptly ■ Doing a contractor's annual walk-through ■ Extending the lease ■ Deciding whether to raise the rent

Keeping Tenants Long Term

The relationship with your tenants begins the day you first speak to them on the telephone and continues as you meet at the property for the first time. It is important to communicate through the entire process while screening the application and when it is time to sign the lease. The retention of your tenants begins before they ever move in and continues during the life of the tenancy. It is completed after the tenants move out, you have done your exit interview with them, and all monies are accounted for and returned properly.

Make a good first impression

You need to start on the right foot and continue as your landlord/tenant relationship builds into a long-term tenancy. First impressions are one thing, but you as the owner/landlord must continue to keep things running smoothly while maintaining your property and keeping the tenants happy. Don't get me wrong; I am not stating you must do everything your tenants



Bright Idea

If you're going to have another tenant on a smaller property assist you in showing and renting the property, be sure to have a flyer with all the details, including the total move-in costs, date the place will be available, and what's expected in applying for the place.

ask, but you want to respond to your tenants promptly and do what is in the best interest of your investment while trying to maintain a good rapport with your tenants. That doesn't mean you must jump with every request made by a tenant or with every complaint that may come in. You need to maintain a good balance and know when you are using good judgment about your tenant's requests.

Keeping tenants happy while running a profitable business is not an easy combination, but over time, you can get quite good at it. Balance what works in your budget and which requests from your tenants are feasible and reasonable.

Keeping your tenants happy works with the long-term plans for your investment. A happy tenant tends to stay longer and keep better care of your investment. If you happen to own a property with more than one unit, you may just find that the happy tenant helps you find another good tenant to live in the unit next door or close by. This can be the ideal situation with a win/win result. In a smaller property such as a duplex or triplex, having the long-term tenant show the unit and be involved in the process can work out to your benefit. It keeps your current tenants happy and feeling like they are involved in the process of deciding who their neighbors may be at the same time that they assist you by showing the property and helping out with the process along the way. If your tenant is a complainer or a whiner, of course, this may not work. Also, you want to make sure that the tenant is familiar with the fair housing laws so you aren't exposed to discrimination suits.

Happy tenants means lower turnover

Turnovers cost you money. Each time a tenant moves, you must go through a long and timely process. What you want ideally is a long-term tenant who is happy, takes care of your property, and communicates when something is wrong or needs to be repaired. Of course, he or she must pay the rent on time. Yes, this is the ultimate goal, the one thing we all want in owning rental property and in our landlord/tenant relationships. But, like anything else, this is not easy and takes work. You must know what to do as the landlord, so that you keep your tenants happy, keep them paying on time, and continue the long-term relationship.

The key to your success as a landlord is having an occupied unit. You need to have a tenant in order to collect the rent, which pays the bills, which keeps things running. And many people have found that by keeping a rent bit under the current market rate, you lower your turnover rate and lower your costs.

Retention does start early on in the process. You need to treat your tenants properly and respond quickly, just as you would want a landlord to respond if you were renting property.

Your tenant is your customer. Remember that in property management, owning property is a business.

What makes tenants happy?

Keeping your tenants happy saves you money in the long run. Happy tenants tend to stay in your rental property longer and don't complain much. Here are some attributes about rental properties that tend to keep tenants happy over the long haul:

- **A place that is a bit under the market prices; a good deal:**

Everyone looks for a place that is a good deal and has value. By marketing your property a bit under the going rate you will attract more choices and get a quality tenant. But be careful not to go too far under the market or the opposite will occur. Everyone will think, "What's wrong with the place?"

- **A place with not-too-high rent increases:** Don't be unreasonable and raise the tenant rents too high and too often. If the market is a strong market, explain in a letter what the rental market is for their apartment and let them know you value them as great tenants and you are keeping the property under the market for that reason.
- **A place tenants are proud to live:** Everyone wants to live where they can invite their friends and family over and be proud of where they live. By providing a rental property that is clean and well maintained, you are providing a property that your tenants will be proud to show off.
- **A place that they can move into that's clean:** Again, having a place your tenants can bring people over to and be proud of is important. They want to be able to put their belongings in a clean environment. Be sure old odors are gone and nothing of the past tenants' is left over.
- **A place with well-kept common areas and clean grounds:** For example: clean laundry room, clean pool, well maintained landscape, and well lit parking lot.
- **A place that's safe and well lit:** Make sure the place is well lit and all lights around the outside and inside are in working order. Make sure the tenants feel safe and comfortable in their new home. Let them know that safety is important. Be sure all the smoke detectors are working and that they know how to turn off the water if needed.
- **A place where everything's in working order:** Make sure before your tenants move in that all the appliances work, and the furnace and air conditioning are in working order. In addition, be sure all the windows open and shut that are supposed to and that they all lock. Make sure that all lights are working and everything is in working order prior to giving them the keys to move in.
- **A place that respects tenants' privacy:** This should be easy but for many landlords it is not. Don't go over to the

property unannounced (inside or outside); instead, let your tenants know you are coming over prior to showing up. Even if it is inconvenient for you and your schedule, you need to wait and let your tenants know when you are coming and for what reason. This is their home, too, while they pay the rent and live there. Be sure to abide by any local or state law regarding notification to enter.

- **A place that encourages good neighbors:** Having good neighbors is so important. Don't lose a good tenant due to a bad tenant making noise and causing problems. Take care of the problem, even if that means evicting or asking the problem tenants to leave. Be sure to let the good tenants know you are attempting to solve the problem. You may not be able to explain exactly what you are doing, however, because of privacy issues.
- **A place where the rental manager truly cares about the property:** From the very beginning, tenants can tell whether they are renting from someone who cares about the property, based on the condition and the reaction to any request before the tenants move in.
- **A place where the manager responds to reasonable maintenance requests:** Tenants want to know that when they have a problem, it will be addressed and taken care of in a reasonable time.
- **A place that keeps tenants informed:** No one likes surprises, so keep your tenants informed. If the plumber is really busy and cannot come out for a couple of days, let the tenants know that. If you cannot make a scheduled appointment, show common courtesy by letting tenants know.
- **A place with fair rules that are monitored and communicated to all tenants:** These are rules the tenants would agree to and sign prior to moving in. It is important that all tenants, especially in a multiple-unit building, follow the same rules and that you as the owner see that they are

enforced. There is nothing worse than stating a rule that there is nothing allowed in the carports, and then allowing a few tenants keep a few items in the carports. Other tenants see that, and it will have a domino effect, where if one does it, others will follow.

Being fair and reasonable will keep tenants a whole lot longer. You don't have to make long-lasting friends to have a long-lasting tenant.

Dealing promptly with maintenance issues

When you have rental property, you have to know that there will be maintenance issues that come up. You need to respond to a request for repair or replacement right away. Communication is the key. If your tenants call you and tell you of a problem, you need to at minimum acknowledge the letter or phone call, even if you don't speak to them live when they report the problem.

A tenant should not have to complain several times about the same maintenance issue before getting a response from you or your property manager. By responding and solving the problem quickly, you will keep your tenants happy. Some problems may take a while to fix, however, especially if you have to get two bids for the job. Other times, you may decide not to fix it the way the tenant wants, like getting whole new carpet because a stain is in a non-conspicuous area. Just explain the process and ask for their assistance in getting the matter resolved quickly.

If you have a Web site, having a section for your tenants to send in maintenance problems via the Internet is a great idea.



Moneysaver

Whenever possible, train your tenants from the very beginning to put all maintenance requests in writing, excluding any emergencies, of course. This will give you a detailed written record. This helps you respond correctly and promptly and assures you are sending the right person out to do the job.

This is something to strive for, and to be honest, Web sites with this feature are quite simple to set up. Even if you don't have a Web site, using e-mail is a great way to get requests, too. That way, you can answer them, even if you get in at midnight. You can also be on vacation and still respond.

Setting up relationships with contractors

If you aren't able to repair things yourself, you need to have a list of contractors whom you can count on to take care of repair items promptly and correctly. They need to be courteous to your tenants. When a call or report of a problem comes in, if I have a rapport with the contractor, I ask the contractor to contact the tenant directly to make arrangements to get into the apartment. That would be my first choice, to have the contractor set up the date and time with the tenants directly and avoid giving the contractor a key to the property. In fact, never give a key to the contractor unless the tenant has given permission.

You need to instruct the contractor to take care of the problem or to call you if it is something major. As you develop a working relationship with your contractors, you'll get a feel for how to work with them.

I usually give the contractor the tenant's number and the tenant the contractor's number to get in touch, basically putting it on both shoulders to take responsibility to get the job done. When the job is completed, be sure to call the tenants to see whether everything is okay and working again. Whenever possible, double-check for satisfaction with your tenants before paying the bill. By making this call or sending an e-mail to follow up with your tenants, you have made them feel like they are important and you care about them and your rental property.

Use the old golden rule: "Treat others as you would like to be treated." Think of how you would like to be treated if you were the tenants with a repair problem. By following up, you have gone above and beyond most landlords. This is a good thing; one that will help you keep your tenants long term.

Keep up with maintenance and replacement

Even if your rental property has had the same tenants for a number of years, you have to keep up with the routine maintenance and replacement. Often, tenants who stay in a property get

“ If you have a schedule to check routine maintenance while viewing your property annually you not only keep the property up but you also keep the tenants happy. Turnover only costs you money. ”

—Jack D., investor

neglected when the landlord doesn’t keep up with the regular maintenance. Carpets wear out, especially the less-expensive carpet found in many rentals. Appliances may break. Often, the attitude of the landlord is to wait until the tenants move out to replace anything. But if you main-

tain the property while your current tenants are living there, you may just keep them longer and they would certainly be happier.

Sometimes, by doing the smaller things, you can keep your tenants happy. These can include new linoleum, new window coverings, some fresh paint, or some new landscaping.

Some landlords reward tenants with a microwave, a room repainted the color of their choice, or a gift certificate when the tenants have been there for a certain number of years. Of course, let tenants know this up front so they will stay longer in order to get the reward.

Don’t get to the point of letting your building run down and think you can appease the tenants by lowering the rent. Don’t let your rental property get to the point of looking shabby. Take care of things. Good tenants don’t appreciate lower rent and would rather have a well-cared-for home. Nobody feels good paying rent for a dump. Run-down properties don’t attract quality tenants.

Respecting your tenants’ privacy

Landlords often show up and don’t feel they have to inform their tenants. This is a big complaint I hear from tenants. I suggest you



Watch Out!

If a tenant tells you they don't want you entering the property after you provided proper notice, try to work out a new time to enter. Don't enter if a tenant absolutely tells you not to. Then give written notice, but have someone go with you when entering the property.

always let the tenants know in advance that you plan to be on the property, whether you're inside or out. In most states, you must inform the tenants in advance and even in writing prior to entering the premises. Your time of entry should be reasonable and during normal business hours. Never enter if only a minor child is present. Always leave a note if no one is there, so that the tenants know you came in. Remember to lock the doors and leave everything the way you found it.

Be friendly, but not too friendly

Keep in mind that managing your rental property is a business, so you need to run it like a business. This means you can be friendly, but not too friendly with your tenants. Remember they aren't your friends. Friendly tenants can quickly become pests! They feel because you are their friend, they can call you on Sunday or late at night with a minor problem that can clearly wait until the next business day or be communicated through e-mail. For this reason, many landlords don't provide their home address or private telephone numbers. When they

are enjoying leisure time, they will not be bothered by a tenant calling to tell them the next door neighbor's stereo is too loud or that their bathroom sink is dripping. What can you possibly do at

“ I tried to never create any hostile feelings toward me with my tenants. I always remembered that they were the ones who allowed me to have my rental investment. ”

—Charlie F., retired real estate broker and investor

10:00 p.m.? Exactly my point. Keep things on a friendly business level only. If the owner has created any hostile feelings within the landlord/tenant relationship, the tenants are very likely to vent those feelings by the way they treat the property. It is necessary to have good, positive energy.

Conducting an annual walk-through

You should plan to conduct an annual walk-through once a year, and usually before the current lease expires. Because you know in advance, remember to give plenty of notice. This is a great time to view the care of your property and see what routine maintenance needs to be done. Be sure to check the smoke detectors and change the heater and air conditioning filters, if needed. This is also time to decide whether you want to offer another year's lease.

If the tenants don't plan to be there when you walk through, ask them to leave a note of anything in particular they want you to see or take a look at. Remember to be aware whether your tenants have pets. Often, tenants have animals inside your rental and you want to be sure they don't get out. Be sure not to move or touch any of their belongings when you are doing your walk-through. Respecting their privacy is to respect their space, too. Always leave a note or a business card to show signs you were there.

Increasing the rent

Tenants never appreciate receiving a notice that the rent will be increased. So, what you need to do is to handle the rent increase as best you can.

- Be fair with the rent increase and continue to keep the rent under market value. Let the tenants know what similar properties are renting for.
- Give your tenants plenty of notice so that they can budget and be prepared for the new rent.

- If there is something within reason you can do to your property that would be a benefit for the tenants while maintaining your investment, do it!
- When you do your annual walk-through prior to raising the rent, if you find they are great tenants, send them a letter letting them know how much you appreciate the care they are giving to the property.
- Offer your best tenants another lease with possibly no increase in rent or a very small one. Some people like to know they have another year's lease with no increase and that they will not be asked to move during that year, especially if they have children in school and would have to move in the middle of a school year.

The Unreasonable Tenant

Yes, there are always tenants who love to complain and are usually unreasonable with requests and expectations. They expect you to jump for them and usually come with attitude. You need try to turn them around early on. I find being kind to them helps. If you find that tenants continue to be unreasonable with their requests and attitude, try writing a letter — a really positive letter. If their requests aren't threatening the habitability or safety of your tenant or your rental property, point that out, but be kind. You need to let the tenants know your boundaries early on. Of course, there will always be those tenants who will continue to push until you let them know they are out of line or not being reasonable.

Keep trying to turn them around. If all else fails and you have had it, when the lease comes up for renewal, plan to give them notice to move. Some people are never happy and will not change. Just don't make it retaliatory.

There is nothing wrong with raising your rent to keep up with the current market and the increase of the cost of owning property. Always use common sense and courtesy.

Renewing the lease

Your ultimate goal is to be able to offer the good tenants a new lease, they will want a new lease and have plans to stay. By the time your first lease has expired, you have developed a relationship with your tenants and should know whether you want to offer another one-year lease. This is based on your walk-through, the rental payment history for that first year, and how well you and your tenant are communicating.

Make contact with your tenants prior to the lease expiration about the time you are planning to walk through the property. Don't be afraid to ask about their plans. If they are good tenants and ones you want to keep, ask whether they would like another lease. Let them know what the rent amount will be and whether you plan to do anything to the property.

If the tenants tell you they really want to stay, get the leases drawn up right away and get it to them to sign. You may even take leases with you so that during your walk-through, if you find everything to your satisfaction, you can have them sign right there.

When you write the new lease, make sure you put in the rental agreement that the lease is a carry over from the lease dated (refer to the original date on the lease). Carry over the security deposit and put that it has been carried over from the lease dated (fill in that date again). Let tenants know whether there is a rent increase and that all other terms and conditions



Moneysaver

Try to have your tenants sign a new one-year lease if the lease has good ending dates. You should try to have the lease end always around the best rental market time.

remain the same. I like to see a new lease drawn up and signed with the new dates and all signatures again. This is a good time to add any requirements that have changed due to laws.

Showing appreciation for tenants

Letting the tenants know you appreciate them is a good thing. Good tenants are to be treasured, so don't take them for granted. When you have a great tenant, one who pays the rent on time, never complains, has maintained a beautiful garden and yard, and is an all-around dream tenant, take the time to show your appreciation.

There really are more good tenants out there than bad ones. Remember the 80-20 rule: About 20 percent of the tenants cause 80 percent of the problems. Don't let the bad ones spoil things for the great tenants.

Here are just some of the ways to retain your quality tenants:

- Follow up on all maintenance requests personally.
- Give a "get out of one late fee" voucher.
- Give good, outstanding service through communication with your tenants.
- Send out a special newsletter.
- Give movie passes, particularly after you have completed a lot of maintenance at the property such that your tenants have been inconvenienced.
- Give a small gift at move-in. You can have something there waiting at the new home, with a nice note to welcome them.

“ A lot of little things can add up over time and make a tenant unhappy. Keep a list of small complaints and make a trip to take care of all of the items once a year. ”

—Sylvia H., investor and property manager

- Give them a gift certificate at move-in from the local pizza parlor. We all know how hard it is to cook when you first move in.
- If your current tenant refers you a new tenant that rents one of your properties, acknowledge it and do something special for your current tenant.
- Maintain the outside common areas or the yard so that the property always looks good.
- Plant new flowers or provide a gift certificate to purchase some for the rental.
- Always let your tenants know that you appreciate their prompt rent payment and care for your property.

Keeping good tenants means paying attention to the needs of your renters and your property. Good tenants are more than those who pay the rent on time and don't complain.

You want tenants who remain long term, pay rent on time, and continue to take good care of your investment. Be a good landlord and keep your tenants happy.

Just the facts

- Retention begins before your tenants move in.
- Turnover costs you more than money.
- A property in great condition will cause fewer headaches while the tenant is living there.
- There are many clear things that can keep your tenants happy and remain long term.
- Respond promptly and keep the best interests of your investment in mind.
- Be reasonable with rent increases and maintain your property and you will have long-term tenants.
- Don't raise your rents too high, as it can force your good tenants to move.

- It is best to conduct an interior and exterior property inspection prior to signing another one-year lease.
- Inform your tenants before going on the property, even if you will be only on the outside.
- Most tenants have reasonable requests.
- Not all tenants are bad tenants. In fact, there are more great tenants than bad ones.
- The ideal long-term tenant also takes care of your property.
- Property with common areas need to have common rules.
- Remember that you aren't a friend to your tenant — this is a business; be professional.
- Not many tenants prefer lower rent versus maintaining the property in a good or great condition.
- Ask tenants whether they plan to extend their leases, and then respond to any concerns.
- Show your tenants that you appreciate them.



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