

Chapter 1 : Becoming a Landlord: Finding Tenants

Edit Article How to Find Good Tenants. In this Article: Selling the virtues of the rental property Screening tenants Hiring a tenant finder service Community Q&A Finding high-quality tenants for a residential rental property you own or manage can be challenging as it requires patience and consumes significant time.

Complete the paperwork, including the lease. Pricing Your Rental The price you charge for rent is an important consideration and one that affects your bottom line. Charge too much and you might not find a tenant; charge too little and you might not make ends meet. When figuring out how much to charge for rent, try to find a number that allows you to: Cover your operating expenses. Earn a reasonable return on your real estate investment. Be competitive within the local rental market. Your operating expenses include costs for mortgage payments, property taxes, insurance, maintenance, repair reserves, utilities and administrative costs. You can research the going rate by reading ads online or in local newspapers, and by speaking with neighbors. Find out what similar properties in the area are renting for, and then price yours accordingly. If your property has an extra feature that makes it more desirable, you may be able to price it slightly higher. If, on the other hand, the other similar properties are somehow more desirable, you may need to price yours a little lower to be competitive. You can expect potential tenants to research several properties in the area. In general, they will not pay more money for fewer features. Try to take into consideration the supply and demand for rentals in your area. If your property is subject to rent controls, be sure you know the rules. Local and state laws may require that you provide a certain amount of notice to tenants before raising the rent. Advance notice could be the difference between your getting paid on time or having to deal with a past-due rent situation. Not only does this process increase your chances of finding a reliable tenant, it helps ensure that you are in compliance with fair housing laws. In general, landlords hope to find tenants who are: Many employers will not verify this information unless you have written authorization from the applicant. Typically, landlords pay a yearly fee plus a nominal fee for each credit report. These costs may be tax deductible. Because younger people are at an inherent disadvantage in terms of credit scores all things the same, younger people will have lower credit scores because they have shorter credit histories, you may want to check with previous landlords and utility companies that the applicant has used. In addition to questions about paying the rent on time, you can ask whether the applicant observed rental policies, was considerate of neighbors, kept the property in good condition and gave proper notice before moving. Even if you do use an application form, an interview can help you find the right tenant for your property. When you notify the applicant of your decision, you may want to let them know the basis of your decision. Also, the applicant is entitled to know the name of the credit bureau, screening company or other organization that provided the report that you used in your decision process. Base your decisions on sound business practices and not on anything that could be construed as discriminatory. In some areas, you may be required to return any application fees or deposits to a rejected applicant if you collected them, and you may have to do so within a specified amount of time. Check your local and state laws to be sure you are in compliance. Give the applicant the opportunity to ask any questions, review the lease and make sure they understand the terms of the agreement.

Chapter 2 : Video: How to Get a Good Tenant | Home Guides | SF Gate

The key rule in real estate is obviously "location, location, location." We have all heard that before. If becoming a landlord is in your future, you'll want to follow the key rule to owning an investment property: "tenant, tenant, tenant."

How to find a good tenant Share This Article Team Clark is adamant that we will never write content influenced by or paid for by an advertiser. To support our work, we do make money from some links to companies and deals on our site. Learn more about our guarantee here. I had feedback during this landlord series from a few readers that have had really unfortunate experiences with bum tenants. But here are the important things to remember for the best possible outcome in finding a good tenant for your investment property: Follow the Fair Housing Rules. Meet them in person. This should go without saying. You will want to physically meet them and walk them through the property. Seeing your prospective renter in person can give you some important indicators as to whether or not they will respectfully inhabit your home. This includes calling their last two landlords, their employer, and their personal references. This helps you develop a better picture of what your tenant is like. Ask their former landlords how clean this applicant was and if they paid their rent on time. Did they have loud parties? Did they part amicably? Those are the things you want to know. Perform a background check. It is the easiest service for both the landlord you and the tenant. You create an account and send them the link. They pay a fee and fill out the proper information. Then Transunion tells you whether or not they are likely to be a good tenant. Take a large deposit. One key tip is to never make the deposit the same as their monthly rent obligation.

Chapter 3 : How to Be a Good Tenant: 12 Steps (with Pictures) - wikiHow

There are good tenants and there are bad tenants. While no screening method is fool-proof, there are certain factors you should look at which will give you a better chance of finding a great tenant for your rental.

What do we do? Having a piece of property languish on the market without a tenant is not a fun position to be in. A property that sits vacant still needs upkeep. You may have to spend money marketing the property. So what can you do to prevent these kinds of headaches – or to at least lessen their impact? Here in Memphis and in Dallas, we have developed a few techniques to help properties get occupied quickly and stay occupied longer. Navigating the legal and financial considerations of an eviction can be tricky, even for the most experienced landlords. With the progress the housing market is making, such tenants might be tempted to buy instead of continuing to rent. If someone has her mind set on making that kind of change, there may not be much you can do about it. At our property management companies, being proactive is one of the best ways to retain great tenants. Starting 90 days out you should reach out to your tenants and ask a simple question: What can we do to keep you as a tenant? So many times we have been told that this is a bad idea. The naysayers always bring up the negative side like – what if they ask you to reduce rent? Or – What if they ask you to fix something that is wrong? Or – what if they ask you to repaint a room or clean a carpet? My response is always the same – So what? At least now you know exactly what it will take to keep that tenant and in almost every scenario those simple requests will cost less than a vacancy and prep for a new renter. And what if the repair they are asking about is minor but left unchecked could lead to something major. Is that not something you would want to fix as an owner or property manager? Offering rental incentives to quality tenants to keep them around is one way to reduce the chance of having a vacant property. Doing so can seem a bit counterintuitive; after all, you want to bring money in, not dole it out. But if the cost of the incentives is less than the cost of the expense of dealing with a vacant property, then it can be a smart move. This kind of incentive is a win-win: Your tenant gets something nice that positively affects her quality of life, and you get a perk for your property that can be an additional selling point to draw in future tenants. Tenants love properties that are kept up to date and don't show signs of a ton of deferred maintenance. Use Existing Tenants as a Marketing Tool As you probably already know, referrals can be a valuable marketing tool. Why not use your current tenants to draw in potential tenants? In addition to offering incentives for retaining existing tenants, you can also reward tenants who bring in new renters. If you are a good property manager or landlord, offering a quality property and timely response to tenants request, then asking them to help you find tenants will be a no-brainer. They will want to help you for two reasons. First, they like you. They will appreciate the way you treat them and the way you treat the property. Second, they will be appreciative for the opportunity to get a reward for promoting your company. Of course, there have to be stipulations. But if you do it right, utilizing existing renters to market to potential tenants is a viable strategy. Keeping a current tenant is no different. These two strategies for getting properties occupied and keeping them occupied are the most cost effective and easiest to produce results. They can help you as a property owner or as a management company to extend your average length of occupancy and in the end, put more money in your pocket! Have you offered rental incentives to keep your properties occupied? Have you found being proactive and using incentives as a good strategy with your rentals?

Chapter 4 : How landlords can get good tenant referrals both active and passive

4 Tips for Finding World-Class Tenants for Your Properties 1. Think like a funnel. In business, a sales funnel is the idea that you want to get a lot of leads coming in, knowing that only a few will ever buy from you.

This content is provided courtesy of USAA. See what real estate experts have to say about finding reliable, high-quality tenants. As you begin your hunt for the right renter for your home, use these 10 tips offered by real estate experts. Understand the Laws Research federal and state laws that cover tenants and landlords. The Fair Housing Act specifically outlines what constitutes illegal discrimination against qualified tenants. For example, you could base your decision on credit or criminal history but not on race, religion, national origin, gender, age or family status. To ensure you conform to state and federal laws, go to the U. Landlord organizations, such as Landlordassociation. Beware when using free sites like craigslist. These sites have become notorious for scammers who change the contact information on rental listings, take the rent money of potential tenants and then disappear. To expand your approach, Hertzog suggests: Take out ads in the online and printed classified sections of local newspapers. Put fliers in area grocery stores and Laundromats. Contact human resource directors at local businesses to post ads in employee lunchrooms and new-employee information kits. Broadcast your rental to your friends on social networking sites, like Facebook and Twitter. Get referrals from family and friends. In your listings and fliers, include a photo of your house and basic details, such as: Number of rooms and bathrooms. Special features like a swimming pool, fireplace or basement. Clean Your House Even before putting the word out or advertising, make sure your house is clean and ready to show. Remove clutter and take care of repairs. Because many potential tenants in need of housing already have been looking, they could respond within hours of an ad posting. Use a Rental Application "The rental application is the document used to collect personal information about the applicant and co-applicants so that you can perform background checks," says Hertzog. Rental applications could request:

Chapter 5 : 3 Ways to Find Good Tenants - wikiHow

People always like the idea of getting a deal or a discount. You can offer a free TV or discounted rent for the first month if a tenant moves in by a certain date.

Soliciting Good Referrals This is the final part in a four part series on referrals. Read part two where I show how to identify the sources of good referrals. Really there are two types of referrals, which I will classify as passive and active. We talked about passive referrals last time. Passive is when you tenant refers someone to your properties when they find out that person is looking for a place to rent. What is good and bad about active referrals Active referrals are when you provide an incentive to your tenants to actively look for people to refer to your properties. Active referrals make it easy to track how many people are being referred to you. They are likely to drive many more referrals to your property when compared with passive referrals. Some of the downsides are: Incentives for tenants Here are a few ideas. The key is to offer something your tenants would see as valuable. The first thing that probably pops into your mind, and the idea I like the most, is to offer a discount on rent. If you want to go that route, you may find it easier to chose an amount if you offer a percentage of the monthly or annual rent. Using a percentage allows you to provide an equally perceived value if you have a range of properties that cover tenants of differing levels of wealth. It also allows you to have only one document or clause in the lease, depending on how you want to introduce the program that covers all your properties. Are gift cards a good idea? You may be tempted to offer gift cards in stead of cash, but let me try to discourage you from doing so. After all, gift cards can only be used in one place, making them much less useful than cash or discounts on rent. You may also find the need to offer different denominations of gift cards based on the level of rent for each property. You run into similar problems with other incentives, such as event tickets or actual merchandise. However, if you do have access to such things at a cost significantly under retail, it may be worth the risk to offer them. Better yet, you could offer them as an option alongside cash or a discount, giving your tenant a choice that could end up benefiting you both. Incentives for the referred tenant Of course, offering an incentive to the person referred to you can also be a great idea. Structuring incentives for better quality referrals The next thing to consider is how the incentive will be paid out. My recommendation is to structure the deal so that the incentive is paid out as late as possible. If the tenant ends up being evicted a few months later, you do not want to have paid an immediate reward. Ideally, this is how I would structure the referral program: Structuring the incentive for the tenant providing the referral can be done in the same way. However make sure to somehow tie it to the performance of the referred tenant. Doing so not only motivates the referrer to provide quality referrals in the first place. Also it motivates them to make sure their friend remains a good tenant. Putting the program in writing Make sure the program is written down. Get it signed by all parties, and give them a copy of the terms. Your two main options are to either have the program spelled out in the lease. Or, provided outside the lease as a secondary contract. Put it in the lease if you plan on making the referral program available to all your properties. I recommend having the program offered outside of the lease. Tenant referral programs benefits outweigh landlord time to do them Sure, providing a referral program could mean more work for you as a landlord. Related stories in this series:

Chapter 6 : Landlording - How To Get Good Tenants

The ideal tenant is one that pays the rent each month, keeps the property in good condition and sticks around for a long period of time, helping to reduce any void periods.

Because great tenants have an upper hand when it comes to the rental process. Happy neighbors means less awkward confrontations in the laundry room, and a happy landlord means peaceful living without surprise visits. Also, a favorable rental history could get you lower rent rates without moving and more perks on your lease renewal. Here are some useful tips for ways you can be that great tenant. Read Your Lease Read your lease cover to cover before you sign it. It will help you catch potential problems before they actually happen. Most good landlords will work with you on the terms of the lease. If you know you have a special circumstance, such as a family member or friend who visits regularly, tell the landlord about it ahead of time. If the landlord makes any verbal agreement with you, like providing lawn care, make sure he puts it in writing in the lease. Then ask for a copy of the lease for yourself as soon as you sign. However, smaller lease points count too. But the better you stick to your lease, the better chance you have of existing peacefully with your landlord. You might even score a few brownie points if you pay a few days early. And since no one is immune from financial hardship, if you know you might have to pay late one month, let your landlord know as soon as possible. Treat Your Rental Like You Own It Taking good care of your rental will ensure that you get your deposit back when you move out, and it will also put you in good favor with your landlord. While normal wear and tear is typical in rental units, do not cause any major damage to the rental. Damages will eat away at your security deposit and annoy your landlord. Many states require that you pay for any unnecessary repairs out of pocket. On that same note, keep your rental property clean. This goes double if you have pets. Pet owners typically become de-sensitized to the odor their pets give off, but your landlord will notice it. And more trust equals more negotiation power when the lease renewal rolls around. Get to Know Your Neighbors Meeting my potential neighbors is always part of my game plan for finding a new apartment to rent. Part of this is because I like to meet new people and another part is because I have a dog. I think the odds of having the neighbors call me to complain about the dog "and not the landlord" improve if I meet them in person. Knowing your neighbors has several additional benefits. You can watch out for each other. If you have to go out of town some time, your neighbors might keep a better eye on your unit if they know you. You can also do small favors for each other e. Most importantly, establishing a line of communication between tenants reduces the chance of your neighbor escalating a problem to the landlord. Despite your best efforts to keep quiet, you may upset your neighbors from time to time. Small problems like this can seem like a much bigger deal by the time they get escalated to the landlord. Avoid it altogether and give your neighbors your cell phone number to contact you instead. What are your best tips for being a courteous and conscientious tenant?

Chapter 7 : Top Seven Qualities of a Good Tenant - blog.quintoapp.com

As a landlord, finding a good tenant is the key to having a successful rental. A bad tenant can bring your property value down and your stress level up. Therefore, thoroughly examining the potential tenant's background for any negative occurrences and checking her credit for any late rental payments and past due amounts may help you make the.

I once bought a rental house that came with an existing tenant. Things were fine for a few months – but then she started paying her rent late. Then she stopped paying entirely. She decided illegal drug use was more fun than paying rent! So, how does someone find more of the great tenants and fewer of the bad ones? If you want to succeed as a landlord, you must do just that. Well, today I want to share four tips for attracting world-class tenants. Screening tenants can be a tricky business, and this critical step can be the difference between profits and disaster. Think like a funnel. In business, a sales funnel is the idea that you want to get a lot of leads coming in, knowing that only a few will ever buy from you. For example, 1, people might see an ad for a pair of socks in the newspaper, but only a few dozen of those will go to the store, and maybe just a couple will buy a pair of socks. Your job as a landlord is to use this exact funnel to attract tenants – a lot of them. But what if 1, people called about your property. Could you find one that is going to be perfect? I would hope so – or else you probably need to move towns. The point is, the more people you can put in the top of your funnel, the more picky you can be to get the one ideal tenant at the bottom. So how do you do this? This could be Craigslist, Zillow, Postlets, the newspaper, a sign in the yard, a post on Facebook – or, if you are like us, you could do ALL of these. The more marketing we do for tenants, the greater chance we have of finding that needle in a haystack. Which brings me to tip #2. In our landlording business, we have carefully defined the standards that state who we are willing to rent to – and who we are not. This list is written on our website, written on every piece of marketing material we put out, and verbally told to every prospective tenant over the phone. Our standards are simple: The tenant must earn 3 times the monthly rent from documentable income sources. The tenant may not have any prior evictions. The tenant may not have any felonies. The tenant must have excellent references from past landlords. Having this carefully defined list of standards helps us in two distinct ways: It discourages time-wasting prospects from even contacting us. It helps us look at each candidate objectively rather than emotionally. OK, on to number 3. Screen like your future depends on it. Tenant screening is not some afterthought so you can check off some boxes. Screening is the process of verifying that the tenant meets all your minimum standards that we discussed in step two. But let me give you a brief overview of how we do our screening in three easy steps: This is one of the most important steps in the screening process and the 1 most often ignored by landlords learning how to find tenants – to the peril of many landlords. Finally, run a background and credit check on the tenant. There are numerous resources you can use to do this, such as RentPrep. Look for past evictions, judgments, felonies, and other indications that the tenant might be a troublemaker in the future. Of course, be sure to review local, state, and federal Fair Housing Laws to make sure you are not engaging in any illegal discrimination when screening tenants. The penalties are severe for landlords who violate these laws. Now, if the tenant makes it through your screening process, then you can feel confident that you are placing your bet on a winning horse. Train and manage effectively. The final step in finding incredible renters who will take care of your property, pay on time, and help you build tremendous passive income is training your new tenant to be world-class. Train up your tenant in the same way you would train up a child: Establish rules, make them known, and instill consequences for breaking those rules. Imagine setting up rules for your toddler and then never enforcing those rules. What are you going to end up with? A spoiled brat that causes you nothing but headaches. In the same way, your tenant will likely become more and more difficult the longer you let problems go unanswered. But that also means you need to live up to your end of the contract as well, taking care of maintenance issues promptly, keeping lines of communication open and honest, and treating your tenant with the highest levels of respect. How do you place the best tenants possible in your rentals? Leave your comments below! Free eBook from BiggerPockets!

Getting good tenants Good tenants who'll look after your property and pay the rent in full, every month give you a better income, and less hassle. Here's how we ensure your tenants will be among the best available.

Here are seven qualities all good tenants have. Even someone who looks good on paper may not be the best tenant. You can reduce your risk of future tenant issues by knowing the qualities all good tenants have and looking for those in applicants as you show the property and review the application. Just keep in mind that to avoid violating the Fair Housing Act—a costly mistake you never want to make—you will have to apply your application criteria equally to all applicants. Also, make sure that the determining factors when you make your decision are measurable, such as the income-to-rent ratio and credit score. A good tenant is responsible. Not only does a good tenant pay the rent and other bills on time, but he mows the grass, pulls the weeds, changes the filters, and takes care of the day-to-day maintenance issues that are his responsibility. He also alerts you to potential issues that require your attention, such as termite tubes in the laundry room. Punctuality is your first indication whether a potential tenant is responsible. Check his credit report, too. Also, watch for judgments for uncollected rent and damages. A good tenant is respectful. He will likely try to take advantage of you by paying late or asking for concession after concession. Trust your instincts on this. A good tenant is able to pay. This is a no-brainer. In fact, you may want to make that one of the written criteria for qualifying to rent the property. He may be overextended in other ways or live beyond his means. Again, a credit check is a good indicator of how the applicant manages money. Theoretically, the better he manages his finances, the better his credit score will be. A good tenant is creditworthy. Saying a tenant is creditworthy is another way to say he has a good credit score. A detailed report may also indicate whether he has had judgments against him for uncollected rent or damages. A good tenant is honest. There are so many ways a dishonest tenant can trip you up. He can obviously lie about mailing the rent, having his hours cut, or not knowing why his check bounced, but he can also lie about what happened to the dishwasher or the information on his application. During the application process, the only reliable way to catch a dishonest tenant is to verify the information on his application. Does his name and information match what is on the application? Next, call his employer. Has he really lived there for one year or just since he was evicted from the last rental? Finally, call any references, if listed, to get their impression of him. A good tenant is clean. You want someone who will take good care of your property, not someone who is going to leave food remnants build up in the microwave or let trash pile up on the patio. Potentially, the bigger the mess the tenant makes while he is in your property, the bigger the mess you will have to deal with when he moves out. Also, filth can attract bugs and other pests and lead to an infestation. If you have to be careful judging the applicant on his appearance, the appearance of his car, or the appearance of his current residence, if you have the opportunity to meet him there. Refusing to rent to him solely on appearances can be a violation of the Fair Housing Act. Instead, cite a measurable indicator, such as his credit score, or the fact that he lied on his rental application. A good tenant is drama-free. Some tenants thrive on drama. These are the tenants that call with excuse after excuse about why the rent is late: They will tell you about their hard knock life in fact, good luck getting them to shut up about it. If you enjoyed this post, please consider sharing it with others.

Chapter 9 : Becoming a landlord: How to find a good tenant | Clark Howard

If you own a house that you can't sell and are thinking of renting it out, finding good tenants who will take care of your home is challenging " but essential.

The most important factor in the smooth operation of rental properties is getting good tenants. If you become adept at this, all your landlording troubles will be little ones. No one can argue with success. It requires a lot of diligence and patience, as well as a little luck and some good intuition. Fortunately, the odds improve exponentially if you follow these ten steps, which are arranged chronologically. Prepare the dwelling for occupancy. Accept and scrutinize all applications. Check references and qualify the applicants. Review your rules, requirements, and policies. Fill out and sign the Rental Agreement. Request all money or a deposit. These ten steps are hardly what one might call difficult, but they do require time and attention, some of them more than others. Take the time and give them the attention, some of them more than others. You are not obligated to rent an available home to the first person who expresses an interest in renting it. I repeat, you are not obligated to rent an available rental dwelling to the first person who expresses an interest. Keep looking until you are thoroughly satisfied that you have found an applicant who will be a good tenant for your building and for you, someone with whom you might have a reasonably friendly and enduring relationship. Exercising Discrimination " Legally Be as discriminate as you can possibly be in your selection, but by all means, DO NOT discriminate based on race, color, religion, sex, national origin, age, or physical handicap. Such discrimination is illegal throughout the United States, as a matter of Federal Law. In addition to federal discrimination criteria, some regions have specific laws prohibiting discrimination regarding marital status, sexual orientation, source of income occupation , personal appearance, political affiliation, place of residence, place of business, matriculation student status , and family responsibilities. Other regions have less specific but more encompassing anti-discrimination laws which prohibit discrimination in rental housing unless it is based on legitimate business grounds. Now with all these discrimination categories to worry about, you might think that you would have to rent to the first person who expresses an interest in your vacant home rental just to avoid a discrimination lawsuit. What is left to discriminate about anyways? You should always be able to find a legal reason not to rent to those who are objectionable. Set your own standards well within the law, and then set about getting good tenants you can work with. Your standards for a particular rental might look like the following: