

## **How to Buy Rental Properties**

When purchasing a rental property, you should inspect the condition of the units. How much work will it take for you to make a profit? How much care are the existing tenants investing in the property? How much money will it take for you to fix it up? Are the tenants willing to stay there while you repair the property? If there are only minor repairs required and you can see the property's potential, then it is worth investing in it.

Sometimes you can spot a property with great potential that requires only minimum work. Find a real estate agent you feel comfortable with; ask him or her what they honestly make of the property. I know some experts will tell you to do a cost analysis; however, most of the time you are going on a gut instinct. Trust those instincts. If you have access to a cost analysis sheet, use this strategy also; it will only benefit the process and maybe even save you a few thousand dollars.

## **Scoping out the Community**

Take a day and drive around the community. Stop and talk to some people in the area. Ask them how long they have lived there. Go into some of the stores talk to the people who work there. Check out the parks and recreation facility. The reason for this documentation is to check the neighborhood to see if it is family oriented. Are you buying in a crime-infested area? Are the people working? What kind of people will you be dealing with or renting to? Are there churches in the area? All these answers and more will be revealed to you as you take the time to observe the community. Trust your instincts.

## **Getting to Know the Tenants**

When buying rental property, it is important to get to know the tenants. Do they like you? Are you comfortable with them? On one occasion, I bought a property and, just prior to closing, I went to renegotiate the agreement with the tenants, only to be bombarded with negative information about the property. I almost stopped the deal because I was so unprepared for that information. That same property, however, became my most profitable to date. Race relations, gender, and simply the thought of change can have a huge impact on people, especially if tenants have a deal in their favour—maybe the rent they pay is exceptionally low. Landlords need to know these issues as it will affect the profit margin of their business.

## Talking to the Previous Owner

I had a purchaser call me to discuss a property, the tenants, and the community. It was probably the most courageous cost savings call he'd ever made. He was able to obtain all the information he needed and then some. When you take the time to talk to an owner, ask about the tenants, how long they have been living there, what kind of people are there, what kind of work is recommended for the property, what the neighbours are like, and what difficulties they have experienced as a landlord. This simple step will provide you with profit-making information. Owners know the community, they know their tenants, they have the experience, and, if they are honest, they will tell you how to proceed when dealing with tenants and handymen in the area.

## Getting a Copy of the *Tenant Protection Act*

The importance of knowing what the law is goes without saying. In order to communicate effectively with your tenants should you encounter a problem, you need to have knowledge of the law. If you're not able to memorize the law, the rental housing tribunal (the number is listed in your yellow pages) is a helpful tool. The people on the phones are very helpful; be honest and explain your situation clearly and they will guide you through the process. I do not recommend you go to the tribunal; go only if you absolutely have to, as the visit can incur a substantial fee.

Landlords need to take the time to deal with their tenants to the best of their ability. Even if it means losing money to your tenants, give them a month's rent, if you can, to allow them to move in peace. I know this is not always possible, however.

My hope is that the *Tenant Protection Act* will change to be more inclusive of the landlords and even out the playing field. Not all people in this business are in a position to suffer the losses.

## Talking to Other Landlords

I cannot stress enough the importance of getting to know others in the same business. Talking to other landlords and finding out how they've dealt with particular situations can assist you in handling your similar circumstances. Most landlords are willing to share information in the hopes of preventing negative situations from reoccurring. You can learn new techniques when dealing with issues concerning renting to new tenants and evicting old ones and even discover new ways to collect rental income. Establishing a network of landlords to support you in your venture makes you a stronger owner, better equipped to navigate any situation that arises.

## **Negotiating all Situations with Your Tenants**

Always take the time to listen to people, even regarding matters in which you believe you are right. Simply taking the time to talk to the tenants can create long-lasting relationships that can be very beneficial to both you and them. It's better to deal with situations as they come up, unless you find you are in a situation that can cause you undue harm. If you ever find yourself in a dangerous situation, call for help. Some tenants try to use fear to get away from their responsibility. Take a day to calm down. Before running into the situation talk it over with another person (this can be one of your fellow landlords or a friend) to gain some perspective. Be respectful, kind, and professional when dealing with tenants. In some cases, altering the rental agreement can be helpful. Tenants will inform you of their financial situation and what days are the best for them to pay rent. Keep your rental agreements as flexible as possible; that way you are not locked into any arrangement that is not favorable for both parties, and you are more likely to have tenant compliance.

## **Staying Calm**

This is very important. Do not get mad; stay calm regardless of the situation. No matter what you do you will always have a choice beforehand. Allow the situation time and space. Sometimes you need to get mad, but be careful; tenants can be quick to say you are harassing them. Tenants also have the opportunity to complain to the Tenant Protection Agency. Follow your intuition. Treat people the way you want to be treated. Model a pattern of behavior you would like to see in them. Learn from those who have had similar experiences. Talk to other landlords to get their feedback. Take time to breathe lest you do anything rash.

## **Learning From Your Mistakes**

Keep a journal and write all that occurs. After a challenging situation, write down how you dealt with it and the outcome and what you would do differently. When buying property in an unfamiliar area, you may be faced with new challenges. Take the time to write down names and issues surrounding individuals. Keep all tenants' names and information in a binder and refer to this information when renting or calling references. Remember, it's a small world; in smaller communities people know one another. Learn from your mistakes, keep a record of past tenants, and have a plan for investigating new tenants.

## **Investigating New Tenants**

One of the most important steps going into this business is taking the time to know with whom you are dealing. More than likely, you will place an ad in your local community newspaper. You will get calls from strangers. Write a script and have a system; set goals and deadlines. Have your interview sheet beside your phone and take their information, such as where they are living now—get the complete address with the area and intersection. If they sound interesting, take the time to drive by the address they gave you. I cannot stress enough how important this step is; walking up to their present home can make or break the deal. Set an appointment with them, and then go by unexpectedly a couple of times. Stand outside the door and look around. Listen carefully to the noise factor. This may feel strange to you but it is imperative to know. Recently, a fellow landlord told me of her plight. She owned a duplex and one of the tenants decided to complain to her about the other tenant making noise. Not aware of what that meant, she investigated and discovered there was no noise; in fact, the other tenant was a very quiet individual. However, the landlord was taken to the tribunal and the good, quiet tenant was forced to move.

To avoid situations like this, take the time to follow the steps and always do a credit check. Doing a credit check will clearly outline the prospective tenants' financial history; this will enable you to get a better understanding of who they are.

## **Getting a Home Inspection Prior to Buying Property**

This is a step I did not complete and I did live to regret it. It may cost you a couple hundred dollars, but it is well worth it. Buy a rental property as you would your own home. A home inspection can save you money. It can also make you money when putting in offers on properties and will prevent you from having difficulty selling the property later on. Renting properties that are in need of repair will cost you to get them up to standard. When renting properties in need of repair, you can sometimes negotiate paint and small repairs with tenants, but this is not something you want to depend on when buying.

## **Putting as Little Money Down as Possible When Buying a Property**

Try to keep some of your cash for unforeseen expenses. A new roof or a new furnace will cost a substantial amount of money and you want to know you have extra funds to do repairs as the need arises. Also, it is always good to have money for future investments and operating expenses.

## **Establishing Good Business Contacts**

Take the time to meet and know your bank tellers, managers, hardware store professionals. When you walk into your local Home Depot, you want them to know you by name. When you're in need of services, people may be willing to help you for free because you've established a solid relationship with them. Stay in contact with your real estate agent. Know your tax office and the people you deal with.

## **Acquiring a List of Good, Honest, Reasonable Handymen**

When repairs arise, and they always do, it's good to have a list of names of electricians, plumbers, painters, builders. How do you find good workers? Call your local hardware store. Sometimes the hardware store has a running list of handymen for hire on a contract basis. Keep a list and report back items of interest such as what they charged you, how long it took them to do the job, and how effective they were at doing the job. Having a list can be very helpful to you and others; if you have a network with other landlords, this information can be exchanged.

## **Talking to Neighbors about Prospective Tenants**

Take five minutes to check out the neighbors of your prospective tenants. Do they know these individuals, what they are like, if they have children, what the children are like, and how they interact with each other? Take the time to learn with whom you're going into business. Remember, these people are going to be living in your house.

## **Joining Rent Check Corporation**

I cannot stress enough the importance of having professional help in this business. As a landlord, you will have questions, situations, and issues that you need help with. Rent Check Corporation provides you with the resources necessary to fulfill your obligations to tenants and visa versa. They will provide you with information you can use to make constructive decisions such as about when an individual's credit rating is an issue. In addition, they will assist you in finding out the laws that are available to you.

The points I have highlighted in this manual are designed to give you basic guidelines on being a landlord. I urge you to invest time in doing further research and to follow the steps I have outlined. Good luck!

## Landlords Supporting Landlords Survey

Name:

Address

City/Town:

Mailing address if different from above:

Email:

Phone:

Fax:

Properties owned:

Commercial

Residential

Apartment buildings

Bachelor

Duplexes

Single Family Homes

All of the above

*What kind of services would benefit the operation of your residential, commercial, or business property:*

Networking

Legal Credit Services

Tenant Information Sharing

Property Management

Advertisement

Landlord Membership association

Tenant recommendations from credible business services

Access to reliable tradesmen

Would you be willing to share information with other landlords to improve your rental property?

### **Ideas or suggestions:**

Your time is important to us for additional information. Please call 613.473.3019. Thank you. Kindly email your completed survey to [info@landlordconnections.com](mailto:info@landlordconnections.com) or mail to 365 North Front Street, Suite 350, Belleville, ON K8P 5L3.

