

12 Steps to Placing the Perfect Tenant



Landlord by Design

Michael P Currie

(12 Steps to Placing the Perfect Tenant)
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Dedication

I am dedicating this book to all the hardworking landlords and property managers.

Many of which work long hours and sacrifice lifestyle to provide great homes for great people.

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INTRODUCTION

For many years I thought I was doing it wrong. The way I bought and managed rental properties.

I've read lots of books, watched lots of videos, and went to seminars and real estate meet up groups.

I seemed to be missing an important piece of the puzzle.

I eventually had to make a choice to either give up on real estate investing or find the truth.

What I discovered was that I was not necessarily reading and receiving bad advice, it was just that the people writing books, and producing education materials, and people I met, tended to only talk about and promote the positive side of real estate investing.

That came in the forms of hero stories, amazing joint venture partnerships, great property managers etc.

I was following a basic formula for success, I had good tenants, cash flow, and ability to buy more properties.

Then I started to hit some snags. To get the truth, I could not find it in books, so I started Blogging about my experiences.

What I discovered was that many other landlords and property managers were having the same problems, but were embarrassed to talk about it. In most cases if they talked about it with their friends that were not involved in the business; those people did not understand.

I have written this book as a quick reference guide to attracting and placing the perfect tenant. Since I was able to get the right information I have been able to build and run a successful residential real estate portfolio.

Chapter One

Acquisition of a property or space to rent

There are several ways to acquire real estate. The first step is to decide what kind of rental property you want. Then start looking at sites like Kijiji, Craig's list, MLS.com and even just google the type of property you want. You can also reach out to listing agents, contact real estate and landlord associations, you can also track down property owners and ask them if they are interested in selling. We have found owners names and addresses and then sent letters and knocked on doors to see if they want to sell. Local court houses will also list foreclosure properties, the best time to reach out to these sellers is before it goes up for auction, you might be able to make a deal that helps the homeowner, you and the bank. If you want to become a landlord the choices of rental are quite broad. You can use the following list as a guide to the types of rental properties available.

- Purchase an income property (through a private sale, or an agent)
- Turn a space, such as a basement into a rental suite
- Add onto an existing building for the purpose of renting it out
- Rent a room in your house

Chapter Two

How much can you charge for rent?

This can be tough, if you set your rent to low you can be leaving money on the table, possibly attract undesirable tenants, or get less cash flow.

You want to be at market, or maybe just slightly below. Having your units full all the time is great, but if you have several units and they are always full, it could indicate that you are not charging enough.

I have had several debates on this with other landlords. The correct rent is not a precise figure. The following list will give you a guide on how to charge the right amount.

- Ask yourself what would attract people to your location (schools, jobs, parks, hospitals, people rent for lifestyle)?
- Would you live in the space or unit you have for rent?
- Call numbers on for rent signs, ask other landlords, find a local landlord association and ask for information on rents.
- Check websites like kijiji, Craigs List, or do a google search to find out how much people are charging for similar properties.
- Look at the pictures in the ads and drive by the properties to see how yours compares based on first impressions.
- Make sure to take note of features such as units with in unit laundry, parking, storage, yard, more than one bathroom, views, (do you offer anything that other units in the area do not)
- Make sure to set a price that is at or just below market rent
- Some landlords like to be slightly above market rent, but you may have more vacancy.

Chapter Three

Evaluate the condition of the space you want to rent

This can be a tough step. Sometimes I feel like I have a split personality. I have my cheap side that wants to scrimp and do the minimum and then I have my realistic business side. The side that realizes it is a business, and we do have competition. Having these two sides has led to some heated debates with contractors and property managers. I feel it is ok to talk it out with your experts, just make sure not to let your cheap side takeover and allow you to produce a low quality product. The low quality product will not attract the tenants you want. I have also learned another tough lesson on the evaluation side. If you have several items on the “maybe I will get two more years out of it list” just do the renovation now. Yes, it will add to the budget up front, but replacing a roof a couple of years before it starts to leak, or replacing questionable windows, appliances etc.. will save you time and aggravation in the future. If you do make an estimate, cut it in half. For example, if you think you will get two years out of a roof, count on one. Then ask yourself the big question, if you do not have the money to do it now, why do you think you will have money to do the job in two years. Trust me “surprise” repairs are no fun. Set yourself up for a low maintenance future. You do not have to worry, you will get curve ball maintenance problems, no matter how well you plan. Make sure to use the following list as a guide.

- Based on your research in step 2 you should know what kind of finishes and level of condition great tenants in the area expect. If all the units around you have granite counter tops, then you should too.
- **Exterior to do list:**
- Cut grass, whipper snip, removes weeds from flower beds
- Remove any garbage or junk from property
- Replace broken siding
- Make sure paint is in good condition
- Replace missing / broken screens

- Make sure windows are in good condition (also that they open and meet egress requirements of your local building code).
- Make sure entry doors operate properly
- Check steps and walkways for damaged concrete / wood
- Check that decks are properly supported
- **Interior check list:**
- Check for leaky faucets, and running toilets
- Make sure all appliances work
- Check condition of paint on walls
- Make sure all locks and door knobs work
- Ask yourself, do you need to do a kitchen or bathroom renovation
- Check condition of flooring

Chapter Four

Prepare the unit / space

Now that you have your list of what to do, it is time to do the work. Make sure to hire a contractor that has a great reputation. Do not be cheap. The other point I want to make, is to not knickle and dime your contractors or micro manage the jobs. The rental business is all about relationship building. You need people that you can trust in your inner circle. It is easy to get people to do a lot of work, the hard part is to get people to do your follow up maintenance and repairs. That is where you need a solid reputation of someone who is pays quickly, not micromanage and is an all-round nice person. I hear horror stories from contractors about bad customers, and landlords about bad contractors. I have had to mediate and salvage several relationships over the years. It all comes down to communication and expectation. When we were doing several projects in a short period of time, our general contractor got to know what I wanted. That made getting quotes really smooth. Try and use the same contractor all the time. I also want to stress that if you have limited time or carpentry skills, please hire experts. I have had to redo a lot of “do it yourself” work over the years. I expect it was all in the name of saving money, but if the cost was low quality of work and time away from the family or other important activities like sailing, motorcycles, gardening etc., I would have to debate whether any money was actually saved.

Use the following list to set up your renovation plan:

- Do you need to do any significant upgrades to make the space available for rent, and be competitive with other available rental units in the area?
- Do any necessary repairs to make yourself equal or greater than the competition.
- If you are working full-time and raising children, make sure to hire others to do the work.

Set a realistic budget. Budget- most construction/renovations cost more than originally expected.

Set a realistic timeline. Stick to your timeline. This is a case where time is money.

When your space is close to being finished, place a rental ad.

Chapter Five

Place a rental ad

The rental ad is such an important step. I get frustrated with all the bad ads I see on the internet every day. The writing and placing of the rental ad, needs to be well thought out, well written, and strategically placed. Starting with the title, make it something that will attract attention, it needs to stand out from all the other similar rental ads, so do not be afraid to be bold. We have had some great feedback by starting our ads with “100% Zombie Free” in the title. Then use a feature of your rental that is different than the competition. That being said make sure to use regular key words, and if you are pet friendly, have in unit laundry, free parking or some other great feature, make sure to mention it. You need to remember why people rent. They rent for life style, which means your location is extremely important, likely even more than the condition of your property. I know, I have seen some really horrible expensive properties right next to major universities or hospitals. So, do not just write about the unit itself, describe the area and the advantages to living there. I could go on and on, so to keep it on point please use the following list as a check list to the perfect rental ad.

- Determine where you want to advertise.
- Take lots of pictures of the space, inside and outside.
- Post a minimum of 10 pictures with your ad.
- Make a bold statement in the title of your ad like, “100% *Zombie Free*” or “*Santa Claus approved.*”
- Write a descriptive ad.
- Example of a boring ad line:
 - “*2 bedroom upper flat for rent*”
- Example of an exciting/descriptive ad line:
 - “*Light-filled, spacious, 2 bedrooms upper flat for rent*”
- Make sure to put a statement at the bottom of your ad that says, “*References required with all applications.*”
- **In description of rental include:**
 - Unit

- Building
- Area/services available
- Descriptions of any special features of the unit such as parking or in-unit laundry.
- How the unit is heated.
- **Amenities such as:**
 - schools
 - hospitals
 - restaurants
 - public transit
- Describe what is within walking distance.
- List utilities that are included in the rent and the ones that are not
- Your email address and phone number, and preferred method of communication.
- Keep in mind that people rent for lifestyle, so landlords must put a special consideration on description of the area. A description of the area is just as important as the description of the unit.
- Take a quick video of your rental space with your phone (5 minutes or less). Upload this video to YouTube and include the link with your ad (if using online classified sources).
- If using online classified sources it's recommended that you pay for top/priority ad. In doing this, you get better exposure and a better response rate because it's the first ad that potential renters see when they go on that online classified site.
- If you are not paying for a top/priority ad status, make sure you are re-posting daily to keep your ad near the top. Remember that new potential renters come into the market every day!!
- **When writing your ad:**
 - Mention if you are pet friendly or not
 - Make sure your ad does not violate any human rights
 - Examples of protected human rights include
 - Age
 - Race
 - Religion

- Gender identity
- Physical/mental disability
- Family status
- Source of income
- In our area, smoking and pets are not protected under the Human Rights Act.

Chapter Six

Respond to potential renters

This step might sound simple, however, believe it or not many people either respond slowly or not at all to rental ads. When I was taking my course to become a certified apartment manager, we had an assignment to call around and ask about apartments. We were tasked with calling on ads of apartments managed by big companies and small independent rentals. I was amazed at how many people in the class had a negative experience and how many of the people responding to emails and phone calls provided very limited information, did not ask qualifying questions and many did not try to get an appointment for a viewing. I personally experienced property managers who answered the phone like I was a major inconvenience. I have laid out some simple steps to make sure you answer your ads properly. Customer service is key.

- Quick response is paramount. Make sure it is a priority to respond to your ads immediately.
- Use positive language and tone when responding to potential renters.
- Thank potential renters for responding to your ad.
- Ask qualifying questions that do not violate human rights or the fair housing act.
- **Some examples of qualifying questions are:**
- How many people will be living with you?
- Where do you work?
- Do you smoke?
- Do you have any pets?
- Entice a potential tenant into making an appointment to view the apartment by using assumptive statements such as, "Would Tuesday evening be a good time to view the apartment?"

Chapter Seven

Set up a showing

When you are contacted by a prospect, the first goal is to qualify. If you ask your qualifying questions and the prospect sounds good, your next mission is to get an appointment. Do not try and sell the apartment over the phone. Make an appointment, you have a lot better shot at renting your apartment if you can get face to face with your prospect. The key to success is to make yourself available. Make sure you are flexible with your times to meet with a potential tenant. When we first starting showing apartments we used to get frustrated when people did not show up. That is a reality all property managers / landlords face. Expect only about 50% to show up and schedule according to that math. I have laid out the following steps to guide you to setting up successful showings.

- It is crucial to make yourself available.
- Set expectations for yourself:
- My research and experience has shown that 50% of scheduled appointments do not show up.
- Set up several appointments in one timeframe to maximize your time. For example, if you have 4 people interested in viewing the apartment set up the appointments on the same day in 15 minute increments, 1:00pm, 1:15pm, 1:30pm, 1:45
- Follow up with potential tenant(s) the day of the viewing to confirm their appointment with you.

Chapter Eight

Show the apartment

Showing the apartment is your chance to stand out from your competition. The showing is your product demonstration. Make it exciting. Do not just point out the obvious and say things like “this is the kitchen” Everyone knows what a kitchen looks like. Start on the outside of the building. Show them the surrounding area. Remember people rent for lifestyle and good tenants have a choice. A back yard, BBQ area, playground, clothesline etc.; May be major selling points to a prospect. Show all the features and benefits of your rental both inside and out.

Here is a check list for a successful showing:

- Show up early
- Turn on all lights
- Plan your presentation of property and area.
- **Example:**
- Show outside of property first
- Show storage area (if any)
- Show inside of property
- Include features and benefits of living there instead of just pointing out the obvious.
- **Example:**
- Don't say, *“This is the kitchen”*
- Instead say, *“Since the kitchen has north-facing windows, you get a lot of natural sunlight in this space.”*
- Remember that people rent for lifestyle, so continue to mention the features of the area based on your potential tenant's profile.
- Know the approximate cost or how to access the information for the approximate cost of any utilities that are not included in the rent.
- Have business cards and/or rental information sheet on the unit you are showing.

- Have a pen for the potential tenant to take notes.
- Have a rental application with you and offer the opportunity for the potential tenant to fill it out.
- Another great way to show an apartment is to host an open house.

Chapter Nine

Tenant Screening

Tenant screening, I could write a book on this.

Screening can be summed up in four pillars:

1. Credit check
2. Current and previous landlord (minimum of 2)
3. Income verification
4. Reference checks

You need to either get good at this immediately or hire someone that knows what they are doing. You have a choice before you place a tenant. If you chose a bad tenant it is very difficult to get rid of them. It costs way more than the initial screening costs. The number one rule is to do a credit check, every time, no exceptions. Let me repeat, do a credit check. Doing a credit check is more than just about the credit score. It tells a story of where the potential tenant lived and worked. If they lied about past residences on the application they usually show up on the credit check. You can actually eliminate some unqualified prospects, just by telling them you do credit checks. I have never had a problem getting all the information I need from good tenants. In fact good tenants generally are happy that we properly screen our tenants, after all they are going to be living in the same buildings with other people. Wouldn't you rather live next door to a screened tenant? The old school "gut feeling" tenant selection is obsolete. We have the technology to do quick accurate credit checks. Going with just a gut feeling is actually quite reckless, and can cause harm to other tenants in your building. The saying one bad apple can spoil the bunch goes hand in hand with the rental business. Nothing will chase good tenants away like a bad tenant. You can also easily do criminal background checks. We do not do criminal checks on our tenants right now, but it might be something we do in the future. You need to find out and know who you are renting to. Make sure to ask for ID when you are receiving an application. Professional tenants pray on independent landlords. They

know they can usually get in by presenting well and telling a good story. Example: I just moved to town, or I am going through a divorce, or this is my first place on my own. It is important to collect data to back up the story. We base all our applications on four main pillars: Credit check, current and previous landlord, income verification, and reference checks.

- Once a potential tenant fills out an application, and signs it, you must check 4 things. It is very important not to skip any of these steps:
 1. Credit Check
 2. Current and previous landlords (minimum 2)
 3. Income verification
 4. Reference checks

Complete these steps quickly because qualified tenants have options.

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Chapter Ten

Offering the apartment to a qualified applicant

Offering the apartment. Once you have qualified a tenant, it is important to reach out and offer the unit to them. I will tell you that sometimes when you call to offer the tenant the apartment, they have already selected another place, or they might flat out say no thanks. This can be disappointing, but do not take it personally. It is all part of the business. When you contact the selected tenant congratulate them, make sure they know they are an important customer and you appreciate them. A tenant landlord relationship needs to be a good business relationship for both parties.

Follow these two steps:

- If they accept the apartment, set up a time to sign a lease.
- If they decline the apartment, move along to screen the next applicant.

Chapter Eleven

Lease signing

The lease signing, another topic that I could write a book on. A properly written lease is critical. Most areas have a standard lease. You can usually attach rules, and as long as they are reasonable most tenancy boards will recognize them. The type of lease you set up will depend on the tenancy rules in your area. We start everyone on a six month fixed term lease. That is because if we do any other type of lease the tenant has instant tenure and is allowed to stay as long as they are paying rent. That could end up being a challenge. You need to discuss the lease and go over it with your new tenant. In our area the government requires you to attach the tenancy rules to the lease. The lease needs to be taken seriously and you need to make sure both you and the tenant have identical copies. I have seen a lot of really bad leases over the years. That includes leases for tenants in buildings I have purchased. Make sure you research all the leases available in your area and select the best type that works for you and your tenant. Some examples of leases are: month to month, annual, fixed term, and weekly

I broke down the process into the following points:

- Draw up the lease and make enough copies for each tenant and a file copy for yourself. For each copy of the lease ensure:
- all areas that tenants and landlord have to sign and initial are highlighted ahead of time so nothing gets overlooked at time of lease signing.
- this is also done so that once the lease is initialed and signed, each tenant and landlord have identical copies of the lease.
- Set up a time and place to sign the lease with your tenant(s).
- **Verify type of lease:**
- annual
- Fixed-term
- weekly
- monthly
- Once the lease is signed, each tenant gets a copy of the lease.

- Each tenant also gets a copy of the “Residential Tenancies Act.”
- Collect a damage deposit not exceeding one half month’s rent at time of lease signing (or whatever is allowed in your area)
- Determine day of the month that rent will be paid (monthly, weekly etc.).
- Collect post-dated cheques for rent (if that is how your tenant is paying their rent).
- Set up a day/time for the move-in inspection.

Chapter Twelve

Tenant moves in

You did it. The tenant moves in, the final step to placing the perfect tenant. You still have work to do to get your tenant settled. I also want to give you a bit of warning that often times shortly after a new tenant moves in, you will often receive calls for deficiencies. That can happen for a few reasons, one might be they are afraid if they do not point it out, they may be held responsible when they move out. Also they might want to test your response time and see if you are going to be a good property manager / landlord. The other thing we have experienced is appliances breaking or other maintenance issues. It is all part of the business that is why once you get a good tenant, you need to provide exceptional customer service and keep them for a long time. Make sure to do the following check list to make sure you and your tenant have a great start.

- Complete the move-in inspection report before the tenant shows up.
- Meet the tenant at the apartment
- Walk through the apartment with the inspection form and make notes where necessary.
- Collect first months' rent.
- Give the tenant keys
- Confirm that your tenants:
 - know where to park
 - know where to put garbage and what day is garbage day
 - know where to put recyclables
 - know where to put compost
- Know what they are responsible for such as snow removal, lawn care, keeping the apartment clean etc.
- Confirm they know how to contact you
- I like to have a small "housewarming" gift and card at apartment at the time of move in.
- **Examples include:**
 - Flowers

- Gift card for a restaurant in the neighbourhood
- Bottle of Wine

Conclusion

I hope that you have found this book helpful. One of the main secrets to success in property management is to follow a process.

Follow the process every time, no exceptions.

If you are interested in more information on property management, make sure to check out www.landlordbydesign.com, or Facebook <https://www.facebook.com/landlordbydesign/>, Twitter @michaelpcurrie, feel free to drop me an email with questions.

Thank you for reading,

Michael Currie
Landlord by Design

About the author



Michael P Currie is a passionate real estate investor, property manager and writer. He is CAM Certified (Certified Apartment Manager). Michael and his wife Shelly Currie have been living the real estate investing lifestyle for several years. They run a real estate investment and education company called The Fort Nova Group Limited.

They are raising two boys and are on a mission to educate as many landlords, property managers and tenants they can. They believe through education they can improve the life of tenants, landlords and property managers.

If you want to reach out to Michael, please note his contact information in the conclusion of this book.