

Being a landlord can be a tough gig

Education, research, support team crucial to success

BY CHRISTA BUCHANAN

cbuchanan@candnews.com

In light of the recent foreclosure crisis, the rental segment of the housing market is seeing much more activity than in years past.

It's also brought more novice landlords into the mix, landlords who may not know the ins and outs of the rental business, or the potential dangers — financial, physical or otherwise — they could face, especially if the rental ad is posted online.

While online ads tend to bring in a bigger pool of potential tenants, Prudential HWWB Realtor Will Weaver said, they can also bring greater risk.

"The dangers are No. 1, how do you know who you are letting into your house? That's why I recommend having them send you an email with their credit report in advance, so you know you have a legitimate renter. And the No.2 danger, and I hate to say it this way, but you could get robbed — or worse, you could get killed. That's why I recommend never meeting people from Craigslist in a home alone," said Weaver.

Oakland County Sheriff Michael Bouchard advises against sharing personal information, including home phone numbers, and even putting the rental home's



With a little education, research and diligence, those considering becoming a landlord can look forward to a good landlord-client relationship.

address online — just list the city.

"People absolutely must be careful when using Craigslist, or the Internet, in general, really. It doesn't matter whether it's Craigslist, eBay or Facebook, you don't know who you are dealing with when you're on the Internet — it's buyer beware on the Internet, period," said Bouchard.

"Caution is the watch word."

Citing cases specifically related to homes for sale or rent, Bouchard said his Computer Crime Unit has investigated cases in which empty homes listed online are stripped of copper and other valuables, people list homes for rent that they don't own or use a walk-through of a home to carry

out robberies.

Online risks aside, there is a plethora of things to consider before becoming a landlord.

Whether it's the inadvertent landlords who've inherited homes they can't sell in the current market or who are renting out their previous homes and buying new ones, or the new investors who are

looking to capitalize on low house prices and the strong demand for rentals, they've got a lot to learn, because the laws governing landlords and tenants are many — as are the financial risks.

"The laws were written to protect the tenant because the thought was that the landlord had more resources — more money, access to an attorney and a CPA," said My Legal Strategies attorney Terri Giampetroni, who specializes in estate planning, real estate and corporate law. "If an unsuspecting landlord comes in and he doesn't understand the playing field, he'll be at an extreme disadvantage — it's like going into a new sport: If you don't know the rules, you're going to lose."

"In the residential real estate market, there's a whole class of people who have been tenants for decades, and they know chapter and verse what the law is and know the rules better than the landlord in many cases."

To start, the landlord-tenant contract must be solid, with all terms clearly stated in at least a 12-point font size, among other stringent requirements. Giampetroni recommends her clients read "Tenants and Landlords: A Practical Guide," written by faculty and students of the Rental Housing Clinic

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Know your 'Do's and Don'ts'

Oakland County Sheriff Michael Bouchard and Prudential HWWB Realtor Will Weaver are currently working on an upcoming "Do's, Don'ts and Dangers" presentation on posting rental ads online. Presentation dates and times were not set at press time, but Bouchard and Weaver share some do's and don'ts for prospective landlords here:

Do's

Always get a credit report emailed to you in advance to ensure the person is a viable tenant.

Do screen the potential client as much as possible before meeting, checking credit, references, past landlords, checking online to see if they have a criminal history, etc.

Do try to set up the initial meeting in public, or at least have another person on hand when meeting a potential tenant for the first time.

Do consider using a broker — it gives you an extra level of screening and protection.

Do ask that the potential tenant not walk around outside the property or show up unannounced, especially if there are current tenants who could be frightened by strangers walking around the home.

Don'ts

Never put personal information — address, phone number, etc. — online.

Never meet a potential tenant after 7 p.m., especially when it gets dark earlier.

Never show a home alone — it could be a ruse for a holdup.

If the home is currently being lived in, do not let potential tenants walk around the house alone, as they may be there to steal things. Also, make sure all valuables are hidden out of sight.

Do not go into a basement alone with a potential tenant: Have them go first and make sure you have someone else stay upstairs.

Don't correspond with people who are out of the country — they are likely scammers.

Don't accept checks that you can not verify; they may be fraudulent.

Don't accept checks written in a larger amount than what is needed, and never reimburse a person for the excess amount.

Find more safety tips on myriad topics at www.oaklandsheriff.com.

— CHRISTA BUCHANAN

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at Michigan State University-Detroit College of Law.

"It's an excellent resource; I wish I would have written it," she said. Go to www.mi.gov/documents/dleg/tenants_and_landlords_304581_7.pdf to download the guide.

Finding a "credit-worthy" tenant is also a must.

"One resource that's really valuable is beenverified.com to get a basic credit report; we also run credit reports from the normal credit reporting agencies, too," said local landlord Frank DiStefano, noting that shaky credit doesn't necessarily mean the person can't make their rent payments.

"Right now, most people looking to rent are having problems with their credit — it's just a sign of the times; a lot of renters have lost their homes — so I'm finding myself doing more of a gut check with people," he said, adding that the credit report allows him to see where the credit went bad and make a determination from there.

The work doesn't stop at finding a good tenant and collecting rent: You must be available, or have someone else available, to make repairs, do general upkeep, and if necessary, evict a bad tenant and possibly represent you in court — then start the tenant selection process over again.

That's why it's a good idea to have a team in place, said Giampetroni. That means, depending on each landlord's ability, time and resources: a rental

broker, such as a Realtor; a property management company; a real estate attorney; a landscaping and snow removal company; and tradesmen such as plumbers, electricians and carpenters.

"Getting reliable tradesmen to show up right away can be a big problem for a landlord. Having reliable contractors is essential to being a reliable landlord and avoiding major problems," said DiStefano, who relies on a team of tradesmen from his company, Allstate Construction in Troy, to take care of emergency repairs his tenants may need.

Another essential part of a landlord's team is the municipality the rental home is in, since the city inspects and makes sure rental properties are up to par. It's not uncommon for a tenant to severely damage a home and call the city to report said damage to justify not paying rent. In these cases, Giampetroni said, "the city is one of your silent partners," as the condition of the home is on record; it's also why it's vital to have the tenant fill out an inventory checklist noting the condition of the property upon moving in.

For more online safety tips, visit www.oaklandsherrif.com. To learn more about Giampetroni's services, visit www.mylegalstrategies.com. To inquire about hiring a contractor, call Allstate Construction at (800) 422-9696. Weaver can be reached at (248) 953-9665.

Call Staff Writer Christa Buchanan at (586) 498-1061.