

HOW TO PERFECT THE
TENANT PLACEMENT
PROCESS

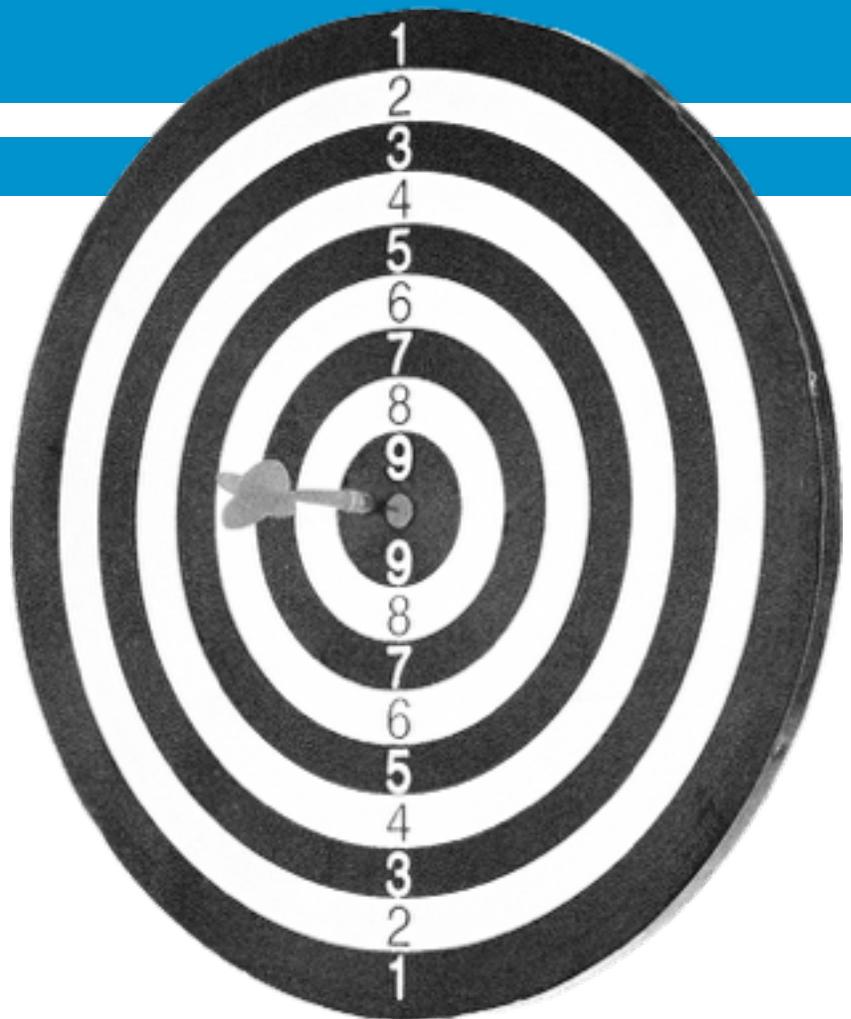


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Introduction

As a new landlord, it's a given that you're going to make mistakes. The key is to make sure those mistakes don't snowball into deep regrets, like insufferable tenants that damage your properties.

Take Mark, for example. Mark is the proud owner of an apartment complex. Because he is eager to make money off his new venture, he never takes the proper precautions to screen possible renters. He is too scared of losing potential renters to do the necessary research it takes to get the right renters.

The result? A revolving door of careless short-term renters. Unsurprisingly, these same tenants often leave the property worse than when they first moved in.

With each new horrible tenant, Mark becomes increasingly frustrated and feels lost at how to change his situation.

Your story doesn't need to end this way. By attracting the right tenants the first time, you'll have more time to focus on other things, like renting out more properties or even running a franchise.

Attracting the Right Tenants

Crafting the Right Ad

Now that you know to avoid the wrong renters, how do you attract the right renters? Making sure you have a quality ad is important. The competition for rentals is fierce and doesn't seem to be loosening up, so producing an ad that attracts the right renters' attention is a must.

In short, a quality ad will allure quality renters with the following:

- A picture of the property and a virtual walk thru or video.
- Details of the property's location
- Number of bedrooms and bathrooms
- Monthly rent
- When the property is available
- Property amenities
- List of included utilities
- Lifestyle appeal (BBQ, close to walking trails, etc.)
- Contact information



Take the necessary time to attract the right tenants the first time.

Keep your ad simple. Be honest and concise with the details. Don't be afraid to use descriptive words ("gorgeous", "spacious", etc.) to help readers acquire a mental image of your property. If they can mentally picture themselves in your property (turning a bedroom into an office, taking a stroll by a nearby park, chatting with the doorman, etc.), they are more likely to rent your apartment.

Leveraging Digital Ad Subscriptions

Few people circle apartments in the classified section of the newspaper anymore. So, if you want to reach more potential renters, you need to advertise your rental property online and with social media.

Paid Digital Advertising

With paid advertising subscriptions including Zillow, Trulia and RentFeeder (a proprietary digital advertising syndication tool accessible to all Renters Warehouse clients.) there is no shortage of great affordable networks to advertise your property. Fish where the fish are, right?

If you had the chance to read our recent guide *A Handbook to What Millennial Renters Want*, you will know that the majority of renters are Gen Y. This demographic specifically is online and using search amongst other tools like Twitter and Facebook to find a great place to live.

Benefits to Advertising Online:

1. Easy access and quick response time
2. Broad reach
3. Can include all the necessary details and contact information you need
4. Can run ads (Adwords, retargeted, or Facebook ads) to your properties

Pro tip: Creating a video tour of your property is incredibly effective at attracting the right tenants. Plus, it minimizes the amount of questions candidates may have about the property.

Using Digital Advertising Boards: Free vs. Paid

Free platforms like Craigslist are the cost-of-entry to effectively advertise your property but paid networks are necessary to provide the scale you need, to rent your property as fast as possible. When first starting out, use free platforms to test copy and images. As you perfect your approach, leverage paid platforms like Zillow.com or Trulia.com, and consider using larger advertising syndication platforms (like Renters Warehouse's proprietary RentFeeder system) to instantly reach a larger mass. Strategically posting your listings in the most effective (and biggest) channels, is the most important marketing strategy you can do as a landlord.

Orchestrating The Perfect Showing

People never forget their first impression of a place, so you want to make sure the first time dazzles possible renters. You want renters to feel that the time they are investing by visiting your property is valuable and a worthwhile experience.

Because even if it isn't the right property for them, there is a strong possibility that they will share the positive attributes of your property with other potential renters.

You can orchestrate the perfect showing by following these five easy steps:

1. Interior Staging

Staging your property is an affordable way to showcase your space. Deanna Kory, senior vice president at New York City's Corcoran Group says that staging an apartment with accessories and furniture often helps speed up the selection process for renters.

Why? Because a staged apartment allows renters to imagine living in your property. And once they are emotionally connected to your apartment, they're hooked and you've got a new tenant.

Other reasons why you should consider staging your property:

- Staging helps to create a buyer-friendly look.
- Clean, organized and well-maintained properties will instill confidence in your renters.

Contrary to what you might believe, interior staging can also help show how much furniture a property can accommodate.

Sid Pinkerton runs the company From Drab To Fab and believes that people have an inherent difficulty understanding the proportions of empty rooms.

"Most Americans are what I call *visually challenged*," Mr. Pinkerton says. "When rooms have no furniture in them, you have no size speculations. It raises the question, 'Will my furniture fit in here?' The whole

point of staging is to answer those questions before they even arise.”

And with the right interior design tricks, you can put a positive spin on potential setbacks, like making a small space look bigger or making an old space look modern.

2. Exterior Staging

There is an old adage that says “Don’t judge a book by its cover.” But when it comes to real estate, any potential renter is going to do just that.

The first impression that any renter is going to get from your property will come from the exterior of the building. Your property’s curb appeal is just as important as the the inside of the building.

First impressions last. Most renters make their initial judgement based on curb appeal.

How to create the perfect exterior for your building:

- Maintain the stairs leading to the main door
- Ensure that the front entry is clean and clutter free
- Install a nice working mailbox
- Ensure that the front door opens smoothly. Update hardware and paint
- Prune shrubs and bushes. Plant flowers in the main entrance way and pull out weeds and dead flowers

If the exterior of your property fails to deliver that “wow” factor, selling the inside might prove to be a challenge. The money invested in these minor exterior fixes will pay off.

3. Preparing Flyers

Much like a well-crafted ad, a well-designed flyer can help you attract the right renters. It should include the following:

- Pictures of the exterior and interior
- Price
- Contact information (phone and email are recommended) and,
- Key features about the rental such as the number of bedrooms, bathrooms and appliances

And while it is important to list the key attributes or features of the property, you must make sure not to crowd the flyer with too much information. It’s hard for potential renters to want your property if they’re too busy trying to decipher what you are advertising.

4. Mastering Your Presentation

While it is great if you are well-prepared and familiar with every nook and cranny of your property, you also don’t want to come across like a real estate robot. Unless it’s the future and you’re renting properties to robots. Then carry on.

Renters are going to have questions, so be ahead of the curve and incorporate the most commonly asked questions into your initial presentation. And while you are showing them around, tell exciting stories about how you or previous tenants used the space, say for dinner parties or movie nights.

And as tempting as it might be to want to highlight every relevant detail about the property, you must also give the possible tenant the opportunity to look around. There’s no need for you to be their real estate shadow.

5. Speaking Their Language

You already know that the possible tenants are going to have questions.

What is the neighborhood like? What are the other tenants in the building like?

And while you're not going to anticipate every question they may have (Is it possible to practice my mixed martial arts without waking up the neighbors?), it still helps to be prepared so you can demonstrate an intimate knowledge of both the building and the neighborhood. Your authority on the property and neighborhood will comfort the possible tenant.

You can do this in a couple of different ways:

- Offer the renters the opportunity to speak with others in the building or around the neighborhood, so they can hear an unfiltered take on the building and the area.
- Have a map and list of local restaurants, shops, attractions and emergency contact details.

Earning the trust of your renters is an incredibly important task (If you haven't read *The Speed of Trust*, you should pick up a copy!) An honest and open approach is the key to building long-term renter relationships.

Screening Interested Tenants

Would you ever spend thousands of dollars on a vehicle without taking it out for a test drive? No. As a consumer, you want to feel assured that you are wisely investing your money.

Now think of your property as the car and your potential tenants as the drivers of said car.

Would you let just anyone get behind the wheel? Chances are you would not. And this is why screening potential renters is so essential. You never want to invest in bad renters. You don't want to end up like Mark.

Appearances can be deceiving. Anyone interested in getting your property is going to put their best foot forward. We're not saying that every potential renter is out to ransack your property, but knowing your tenants are who they say they are—people who pay rent on time—will give you much more peace of mind.

Bad Tenant Red Flags

Be on the lookout for the following tell-tale signs to figure out if your possible renter is a bad tenant.

If you get a lengthy backstory to the questions: "Have you ever been evicted?", "Have you filed for bankruptcy?" or "Do you work?," you should be apprehensive of handing them the apartment keys. These are simple questions that require simple answers. Anything other than a "yes" or "no" is a red flag. Other red flags are:

- Frequent movers. You are looking to build long-term relationships with your tenants. If your potential tenant has moved a lot in the past few years, it could be because of multiple evictions.
- First-time renters. These are normally young people in their twenties and their newfound freedom from their parents might outweigh any responsibility for the property or their neighbors.
- Complainers. If they are rude or make condescending remarks about their current landlord (whether warranted or not), that could spell trouble down the road.
- Mysterious occupants. A lack of specifics on who will be occupying the property is a definite red-flag. What exactly are they trying to hide?

While there are many more examples that could be cited, it is important to take things on a tenant-by-tenant basis. That being said, don't dismiss your intuition a.k.a that feeling in your gut. If you don't have a good feeling about someone or something they are telling you, sticking with your intuition is best. Just as importantly, please be mindful of municipal or state laws regarding discrimination of any kind. Certain laws prohibit landlords dismissing potential tenants for certain reasons. You must be sensitive to this fact and keep yourself informed of the laws at all times.

How to Conduct a Background and Credit Check

Free background checks are available online. Just remember that under the Fair Credit Reporting Act you are required to use a Consumer Reporting Agency (CRA) to obtain the information you are seeking.

Treat all your tenants with the same amount of respect. They'll do the same for you and others.

Any CRA agency is federally regulated and maintains high standards for privacy protection.

Potential renters should be able to provide no fewer than two personal references. If they are reputable, upstanding citizens, then they should have little difficulty providing these to you.

Then again, who is to say that the person you are calling is in fact who your tenant is saying they are?

That is where the professional background checks are helpful. Enlisting the help of the National Association of Professional Background Screeners is highly recommended.

Agreements, Inspections and Keys - Oh My!

You're near the end. You've handled all the paperwork and are about to give your new tenants their keys. Wait one minute! Bypassing any one of the following steps could spell disaster for you in the long run.

Keep a consistent process when it comes to tenant applications. Treat all tenants the same and make sure you collect all the necessary information regardless of who they are. Favoritism will not help you.

Communication is the key. If you clearly outline your expectations, you are more likely to have a successful long-term relationship.

Setting Rent Collection Expectations

Collecting rent is a carefully cultivated business skill and art form.

Make sure you and your tenants are on the same page when it comes to rent payment. Enforce your rent collection policy fairly with all tenants. If one tenant consistently hands in their rent check late, and you take no action in the form of a fee or notice, then others might be encouraged to follow suit.

Collecting 12 months worth of post-dated checks from your tenants should be standard practice. Your tenant's post-dated

checks should be deposited on the dates for which they are dated.

Don't wait until you have collected rent from those who pay late. Deposit the checks from those that pay on time, on time!

The Importance Of A Move-In Inspection

Completing a move-in inspection is for your tenant's protection as much as it is for yours. You should walk through the property together, taking note of any pre-existing damage or conditions before they move in.

Renters Warehouse recommends video tours of the property. It is the quickest and easiest way to monitor any changes or damages done to your property over time.

Some regular wear and tear is to be anticipated, but it is not unreasonable to expect the carpet to remain clean, the walls free from dirt, the drains kept clear and light bulbs replaced as needed.

Unfortunately, some people are quick to take advantage of situations when they know their checks will bounce. It will save you so much stress if you just wait to hand over the keys after the check has cleared. It sure beats having to evict someone once they have moved in.

Homeowners Association Rules (HOA)

Be mindful of your local HOA rules and regulations around things like basic pet rules, amenity rules, lawn maintenance, parking, fines, and elevator move-in procedures. These rules are designed to preserve the community's integrity and property values, to protect residents, distribute important costs of certain services, and make your community a desirable place to call home.

Conclusion

It might be time-consuming, but time spent perfecting the tenant placement process will save you time and money in the long run. The financial upside to finding the right tenants, even if it takes a few weeks longer, always trumps renting to demanding or irresponsible people. It is ok to be picky and patient with respect to the people who will be living in your home. After all, it's a courtship as you are placing the responsibility of one of your largest assets in their hands.



If you need help with tenant placement, Renters Warehouse offers the best in-class Certified Tenant Match and Warranty Plan. Let us help you find the right tenant, take care of maintenance, and make sure your properties are safe and rented.

If you have any landlord or property management questions, we are also happy to answer them. Tweet at us @ProLandlord or visit our Facebook page.