

Quick Tips on Delinquent Tenants

Never Ever - let your tenant's problem – become your problem!!!!

The fact that they lost their job, their spouse lost their job, their check didn't come, their car needs repaired, they needed groceries, they needed to pay utilities, they got sick, they had their hours cut at work, they lost their money, they had their money stolen. NONE and I repeat NONE of these.....are your problem. And when my tenants even start down that path (although most of them don't even try it – because they know it means nothing to me) I stop them cold, and I tell them “That doesn't concern me and in no way is my problem”. When I say that they get a “deer in headlight look” and they know that I'm not going to let them slide.....and they realize it!!!!!!

I use a simple explanation that they can understand, at least those that work and hold a job can understand. I explain to them” This is my job, it is my full time job and I work from 8:00 until 5:00 all week, and on weekends, and the middle of the night when needed. The rent I collect pays my mortgage, my car payment, utilities, groceries, and gas. So you not paying rent means I don't get paid this week. If you worked at your job all week and at the end of the week your boss/employer came to you and said – “Sorry I can't pay you this week because their spouse lost their job, their car needed repaired, they needed groceries, they needed to pay their utilities”. Would you be OK with that? Would that matter to you? Would that be your problem? That is basically what you are telling me right now when you can't pay the rent!!!! That is when I tell them “you either have to pay, or you have to move – I can't work and not get paid, as I'm sure you wouldn't either!!!”. At this point the light bulb comes on in the tenant's head and they have a whole new perspective of the situation.

The next tip I will share with you is to be persistent in your rent collection. Do not procrastinate or lax in your rent collections. This one issue is what causes a majority of landlords to get out of the rental business. They either don't want to address the issue with the tenants or be confrontational with the tenant. Trust me when I say this, if you are reluctant to be persistent in rent collection you will struggle in the rental business. That is not something I think, this is something I know!

The next tip is to establish a set policy for your rent collections and how you handle them on a timely basis. I have a simple policy that I follow and a system in place. All my rents are due on the first of each month, if I rent a property during the month I always still make them pay the first month's rent and security deposit in advance and then prorate the second month's rent. Let me give you an example, if I have a tenant that would rent a

property for \$500 a month rent with a \$500 security deposit on the 15th of June. The tenant would be responsible for the \$1,000 total (\$500 rent + \$500 security deposit) prior to getting possession, and that would pay their rent until July 15th at which time the monthly prorated amount of \$250 would be due for the balance of July rent. Then on Aug. 1st the \$500 monthly rental would be due and payable and that amount would be due on the 1st of each month thereafter. I hope that makes since and basically what it does is prohibit tenants from getting possession of the property for an amount less than the first month's rent and security deposit. My rent collection is this, all monthly rents are due on the 1st of each month, if we don't receive it by the 5th of the month we mail out a violation letter and include a \$25 late fee and the rent is due and payable upon receipt. This violation letter serves as notice they are in breach of their lease/rental agreement and starts the eviction process. If we have not received the rent by the 10th of the month, we then send out a "Notice To Quit" notice to the tenant to see if they will voluntarily vacate the premises. If we have then not received the rent by the 16th of the month, we then file eviction forms in our local small claims court and start the court ordered eviction process. In my state it is required to give tenants a 10-day notice that they are in violation of their lease and allow them to correct it. The letter that we send out on the 5th of the month starts that process and that is why we wait until after the 16th to file the eviction notice. I would suggest that you have something similar in your rent collection policy. You will need to follow your state requirements for tenant's rights as to the length of time you must serve notice for any breach of the lease/rental agreement and the time allowed for the tenant to correct or resolve the problem or issue.

In summary, NEVER NEVER NEVER NEVER let your tenant's problems become your problem! Just follow this one simple rule and your chances of being successful in the rental business go up dramatically. Also be persistent in your rent collections, and have a set policy on your rent collection process that are in compliance with your state tenant's rights. I hope that will help guide you in your rent collections and give you some tips to follow.

Copyright of www.managementofrentals.com