

TED HESS-HOMEIER

Attorney At Law
445 South 5th West
Missoula, MT 59801
(406) 549-9611 phone
(406) 728-7390 fax
thesshomeier@msn.com

SOURCES OF DISASTER - PITFALLS TO AVOID

HH Evictions, Inc. has been evicting people throughout Montana for over 10 years now. Last year we evicted people from over 200 units. Because of this, we're in a great position to observe clusters of rental management mistakes which result in expensive eviction problems. Here are a few of our *least* favorites:

GET YOUR FRONT MONEY UP FRONT:

That's why they call it "**front**" money. Don't ever, ever, ever, ever, ever, ever allow a tenant to move in before paying all the required front money like security deposits and first month rent. The rule is, "If you allow them to move in after only paying a portion of the front money, you will end up evicting them for nonpayment of rent." It's incredible to me how consistently this rule applies. If you require rent and deposit up front, don't ever bend the rule.

NEVER EXCHANGE WORK FOR RENT:

This one is another font of problems. You agree to let the tenant work off some rent by mowing the lawn and painting the back porch. He kills the entire lawn and paints the back porch bright purple without scraping first. He never pays rent again and counterclaims against your eviction action claiming you owe him \$3,000 for his incredibly skilled and artistic labor. It's pretty easy to prove he lives in your unit. It's also easy to prove he didn't pay rent. But how are you going to prove how many hours he didn't work? We've always won on this one. But it's expensive for you.

ALWAYS ENFORCE THE LEASE:

Your lease is a promise between yourself and the tenant. Promises are a matter of personal honor. You dishonor the tenant by listening to excuses and extending rent deadlines. Respect the tenant by holding tenants to their promises. If rent is finally due on the 5th, then on the morning of the 6th send a three day notice via certified mail and copy the documents to us so that we can schedule the case for lawsuit if the tenant doesn't either pay or vacate. If you're a bleeding heart and are having trouble doing this, then consider another line of work or another line of investment. Your property also deserves your respect. Manage your property professionally in accordance with established consistent policies as opposed to emotional ad hoc decisions. If you're still not convinced then consider the following:

We probably live in a time when there is more credit available to individuals than at any other time in the history of the universe. Imagine if you were unable to afford your rent. Think of all the ways you could borrow the rent in order to keep yourself from becoming homeless. You could probably borrow the rent from a host of sources like banks, finance companies, employers, parents, siblings, friends, or pawn shops. Ask yourself this, "If the tenant can't come up with rent, then what did the tenant previously do to all of the above-listed sources of credit?"

The answer seems obvious to me and it should seem obvious to you. The tenant already screwed all of the myriad sources of credit; mothers, grandmothers siblings etc. Guess what? You're next.

If you want to loan money then invest your money in a money lending institution and learn how to do it properly and profitably. If you want to rent property out then collect the rent or evict. Collect or evict in accordance with consistent application of previously thought out business policies and application of the laws of our state. Don't manage your valuable business assets using ad hoc application of your emotions. This goes for other aspects of the lease as well. Consistently enforced leases will increase your profit, decrease your headaches and over the long term increase the value of your rental property. It is clear to both my paralegal and myself that consistent, efficient enforcement of your lease increases your legal fees to us slightly over the short run and decreases them substantially over the long run.

Please note that this advice is reciprocal. You need to hold yourself to the same standard of service and honor to your tenants. You shouldn't need to nag your tenants to pay rent. Your tenants shouldn't need to nag you to fix the toilet.

KEEP YOUR RENTS SLIGHTLY BELOW MARKET PRICE:

Keep your rents slightly below the market price. The best landlords in Missoula keep the same tenants for long periods of time. Every time you accept a new tenant, you take a risk that the tenant won't work out. Reducing tenant turnover reduces overhead, damages, attorney's fees and cleaning. Good tenants know when they have a good landlord and they value their tenancy. Some of the really good landlords in Missoula rarely advertise empty units. If you can't afford to maintain your units and keep the rents low enough to attract good tenants then perhaps you need to assess the viability of your investment. You may need to sell the property and lick your wounds. Running an asset badly won't compensate for having bought it badly.