

## Top SEVEN Ways to Tell You Have Stopped Treating Your Property Like an Investment

**You fail to train your property manager to enforce the rules.** Simple things like empty beer cans, cigarette butts, papers strewn and dirty common areas are overlooked. This may get ignored if you and/or the manager think you have more pressing matters to attend to. If every resident contributes to one piece of trash laying around, what kind of a property would you have? Things like noise complaints, pet waste and parking can all be areas that need rule enforcement. Sadly, it does not take long for a few messy tenants to create an unwanted environment at your property.

**You don't respond in a timely manner or avoid conversations about your property.** Communication isn't just something your wife made up to hassle you. It's a key part of business and real estate. If you find yourself not answering the phone for tenants or your property manager, you HAVE A PROBLEM. Problems and conflicts don't just go away if you ignore them. They get worse. Bad news doesn't get better with time. Effective owners do their best to make informed decisions in a timely manner.

**Don't immediately give legal notice on late rent.** It's expensive and takes time to file, right? The tenant will probably pay anyway, right? What's wrong with giving this very nice tenant a little slack? WRONG! WRONG! WRONG! You are "training" the tenant that you are not serious about collections. Not only that, but if you think your "whatever" attitude on collections won't spread throughout your property, think again. It will spread like the flu, thus training more tenants that you are soft on collections.

**You don't charge for late rent, NSF checks, or any other extra charges.** In your leases, you should outline late fees, NSF check fees, pet fees, breaking the lease fees etc. 100% collection on all rent charges and fees is the way to make the most of your investment. Have you "trained" yourself to not collect all payables? Always being consistent on fees and collections will also protect you from discrimination complaints for "special treatment".

**Vacant units available for rent are not ready-to-show** (repairs done, cleaned and painted, etc) ready to move in condition. Unit turnovers need to be done in a timely manner. Not being able to show prospective tenants a unit can be frustrating. Showing them a dirty unit in need of repairs is even worse! One tough lesson we've learned as owners is that prospects have housing options. Income loss to vacancy can add up across units. Having a structured turnover process is VITAL!

**You've stopped looking for ways to increase income or reduce expenses.** Maybe you haven't investigated RUBS for your water bill. Maybe you haven't reevaluated your contracts for lawn care, snow removal and trash. Especially in Iowa, one severe winter storm can cost you thousands. Why not see if you can negotiate a better deal. Do you have laundry machines? Do you have extra storage space?

Would some specific renovations allow you to increase rent? If you aren't looking to maximize your net operating income, are you effectively running your real estate investment?

**The number one, top of the hit parade is that you do not have an annual rent increase!** Even if it's only \$5-10 per year. In today's economy some owners might be foregoing a rent increase to be sensitive to their resident's financial difficulty. That's not necessarily a bad idea. Tenant turnover can be expensive and keeping a quality tenant long term is a huge gain. A better idea might be to maintain a smaller increase. There are a couple of reasons for doing this. First, it gives you a chance to communicate your concern about how your tenants are faring in this economy. Secondly, it enforces the expectation of an annual rent increase. If you decide not to have a rent increase, you will most likely see your NOI dropping with the ever-increasing expenses of taxes, insurance and labor costs.