

RENTALS
AMERICA



Choosing To Enter The Rental Market

A comprehensive guide to converting your home into a long-term rental property.



Converting Your Home into A Rental

Perhaps you've moved due to a job transfer, but you're not ready to sell your home or the timing isn't right to sell. Maybe you've bought a second home and will no longer need your current residence for personal use. Whatever the reason, turning your home into a rental property can be an exciting and rewarding business opportunity.

Consider what you will need and how much time it will require of you to turn this opportunity into a small business. You will need to work hard educating yourself to learn the legal ropes and invest in the necessary tools to make this a success. Similar to any business, the key to success is a dedication to high-quality customer service. Your hard work can yield great rewards. Whether you choose to DIY on every aspect of the process, turn it entirely over to a property management company, or fall somewhere between those two options, this eBook offers information and guidance for every step of the way.

Happy Landlording,
The Team at Rentals America



Making the Decision

DETERMINE THE DEMAND

Review the rental property demands in your local area. Is your home located in a vacation area? Is it near a medical complex? Is it in a business area with a high number of professionals? In other words, what is the market for home rentals?

REGULATIONS AND OTHER LEGALITIES

From your Home Owners Association to local, state, and federal laws, there are always regulations to be aware of. Find out which ones apply to you and be sure to stay updated on any legal and regulatory changes.

If the demand and the income potential are right, it's time to move forward.

Create A Profit and Loss Spreadsheet

ANALYZE YOUR KNOWN COSTS:

- ✓ What will your insurance cost? You will need property damage and liability coverage. Liability coverage should be a minimum of \$300K, but \$500K to \$1 Million is worth considering for extra protection. Make sure that your insurance agent is aware that this will be a rental property as the rules/rates often change.
- ✓ What are the property utilities and what do they cost? Which utilities will you cover and which will you have the tenant pay for? Expect this to rise, especially if you were frugal when you lived in the home.
- ✓ What are the property and rental taxes for the home? Does the state/ community require any special licensing for rental properties?
- ✓ How much will you set aside for repairs and maintenance? Consider yearly AC maintenance costs and big ticket items that may need to be replaced (such as roofs, water heaters, furnace/AC).
- ✓ Is investing in a Home Warranty a good option?
- ✓ How much will appliances cost? For example, you will need to supply standard appliances - as well as repair them if they break.
- ✓ What will you spend on marketing?

Figure your income: Determine your monthly rental income. Now subtract the total cost of your estimated expenses such as pool care, landscape maintenance and management fees. The balance is your probable profit.

CHECKLIST



RESPONSIBILITIES TO CONSIDER WITH RENTAL PROPERTIES

Typical examples include:

- ✓ Creating and publishing your listing: include photographs and information about the home.
- ✓ Responding promptly to all rental inquiries showing the property and screening potential tenants (this includes credit and background checks) and guests, as well as managing reservations and payments.
- ✓ Welcoming new tenants and completing a thorough move-in inspection (document any property deficiencies prior to tenant moving in).
- ✓ Managing and coordinating all tenant needs and repairs that arise during the lease.
- ✓ Collecting rent (consider whether you will collect this weekly or monthly).
- ✓ Complete the move out process (compare the move-in checklist to the property's current status) and return security deposit as appropriate.
- ✓ Complete housekeeping, repairs and yard work between tenants.
- ✓ Ensuring taxes are paid and all legal aspects are in line.

Property Management Essentials

It's important to maintain legal compliance to local, state and federal requirements. Know the laws that apply to your area, but never skip the following:

Non-negotiables:

- ✓ Meet all building and safety codes and standards
- ✓ Heating/Cooling system in good working condition
- ✓ Hot and cold water and properly working plumbing
- ✓ Adequate septic system (if not connected to city sewer)
- ✓ Electricity (all outlets, switches and fixtures in working order)
- ✓ Sufficiently weather-resistant roofs, windows, and doors
- ✓ Pest-free
- ✓ Standard safety features (locking doors and windows)
- ✓ No obvious hazards or safety issues



Appliance Guidelines:



Refrigerator (commonly provided in most rental markets)



Range & Oven (typically required in all rental markets)



Dishwasher (typically provided if there is a built-in space)



Microwave (optional)



Washer & Dryer (optional)

Marketing

HITTING YOUR TARGET MARKET - GO FOR QUALITY

Written Description: Write a clear, accurate and attention-grabbing description. Ensure that all benefits and features that make your home special and unique are highlighted within your description of the home. If the kitchen has a quartz-topped island for workspace – let the prospective renters know. If you are close to significant areas – such as great schools – be sure to mention it. Know your audience and highlight the items that matter to them.

- ✓ Include property details and square footage.
- ✓ List important amenities and special features.
- ✓ Include a list of appliances and any other items that will be included.

Photos: This is what sells your rental. Using a professional photographer and staging your photos can be helpful. Choose your first photo carefully – that first glance is what keeps an interested party scrolling down the page.

- ✓ Include at least one photo from every room.
- ✓ Great views? Include photos.
- ✓ Located close to a park or playground? Include a photo.

Tenant Relationships

Customer Service: Screening is a busy time for any landlord. It is crucial to respond quickly to all inquiries and treat each prospective renter as your next tenant. When screening, only consider material facts like credit, rental and work history, income factors and criminal history. It's important to use the same qualifying criteria for all applicants to ensure compliance with Fair Housing Laws.

Clear Guidelines: Have a clear lease document and review it with the tenant prior to signing to make sure everyone is on the same page. The lease document should include, but is not limited to the following:

- ✓ Rent amount and due date.
- ✓ Damage deposit amounts.
- ✓ Additional fees.
- ✓ Number of Occupants.
- ✓ Whether or not pets are acceptable.
- ✓ Extra fees for pets.
- ✓ Smoke-free?
- ✓ Renter responsibilities.
- ✓ Owner responsibilities.
- ✓ Consequences of lease violations.



Run It As a Business - It Is One

Create a tenant screening process. Tenant-screening is critical and can save a lot of headaches and costly property damage. Be sure you understand which questions are legal, and which manifest discrimination.

Legalities: Obtain signed rental agreements, maintain adequate insurance, and pay all your fees and taxes - on time.

Hire professionals: Only use reputable, reliable cleaning and maintenance personnel. Connect with a quality on-call service for emergencies.

Avoid these common mistakes:

- ✓ Pricing too high - causing you to lose valuable time.
- ✓ Pricing too low - causing you to lose valuable money.
- ✓ Posting to low-quality websites that attract low-quality applicants.
- ✓ Not properly screening applicants (credit reports, background checks and standard rental criteria).
- ✓ Not collecting a security deposit prior to move-in
- ✓ Using an "internet" lease that doesn't have adequate protections.
- ✓ Not inspecting the property during the lease to ensure its being cared for.



Does joining the investment rental market sound appealing to you?

If you want a partner to help navigate the complexities of property management, consider connecting with Rentals America. We offer a full service range of property management for single family homes, townhouses, condos, and apartment and are experts in the field.

ENJOY THESE BENEFITS OF A PARTNERSHIP WITH RENTALS AMERICA

- ✓ Extensive Property Marketing
- ✓ Detailed Tenant Screening
- ✓ Professional Lease Agreement
- ✓ Routine Inspections
- ✓ Easy, Online Payments
- ✓ Bookkeeping
- ✓ Online Owner Portal
- ✓ Simple, Affordable Pricing

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