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4 Questions to Answer Before Your Tenant Asks

RENTAL HOUSING JOURNAL

Here are four important questions to answer before your tenant asks, and before you both enter into a rental or lease agreement, as the rental agreement is a legal document that protects you.

Obviously the lease is designed to hold you and your tenant to all the conditions of tenancy, which may protect either party during a dispute. As a property manager, it is your duty to make sure all the conditions regarding living or renting an apartment or single-family home you manage are expressly stated in the agreement to prevent future dispute.

One great way to prevent future disputes with your tenants is to answer all the questions they may have in the actual agreement even before they ask you.

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Denver Rents Hold Steady

RENTAL HOUSING JOURNAL

After months of decline, Denver rents remained steady in August, but are down moderately by 1.7 percent year-over-year, according to Apartment List.

Median rents in Denver are \$1,060 for a one-bedroom apartment and \$1,342 for a two-bedroom.

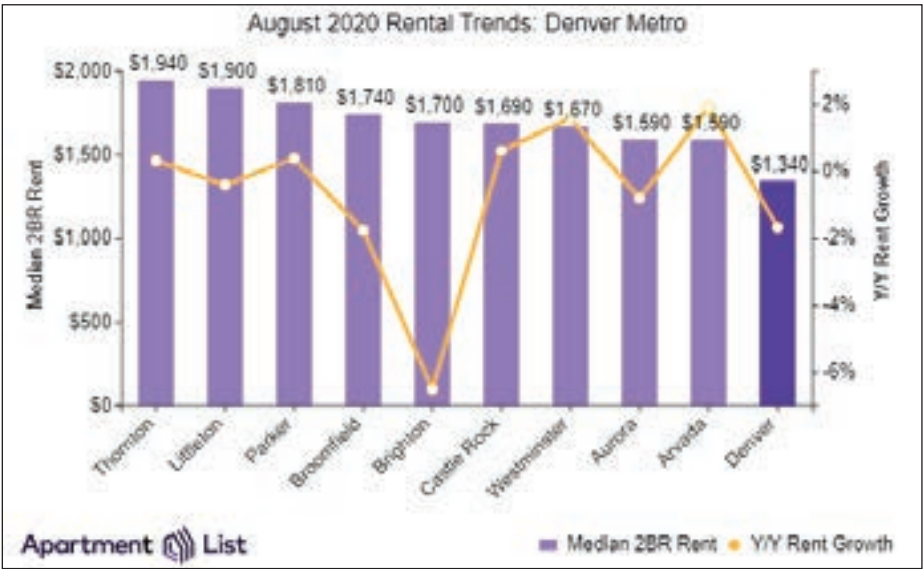
Denver's year-over-year rent growth lags the state average of -0.4 percent, as well as the national average of 0.3 percent.

While rent prices have decreased in Denver over the past year, the rest of the metro is seeing varying rent trends.

Of the largest 10 cities that Apartment List has data for in the Denver metro, half have seen increases, while the other half have been decreasing.

Here's a look at how rents compare across some of the largest cities in the metro.

- Denver proper has the least



- expensive rents in the Denver metro.
- Arvada has seen the fastest rent growth in the metro, with a year-over-year increase of 1.9 percent. The median two-bedroom there
 - Thornton has the most expensive rents of the largest cities in the Denver metro, with a two-bedroom

See 'Rents' on Page 7

Rocky Road Ahead, Due to Pandemic

RENTAL HOUSING JOURNAL

Yardi Matrix says in the Summer 2020 Multifamily Report that "the decade-long economic expansion that helped fuel the development boom in Denver has abruptly ended, due to the COVID-19 pandemic."

While Denver has seen 10 months of declines in rent rates, there was some increase over the summer, showing 0.1 percent in July, the report says, but the question is whether any increases in rents will hold.

"As the COVID-19 pandemic continues and government-relief programs expire and are revised, future rent volatility will likely appear," Yardi Matrix warns in the report.

Denver's average rent rose 0.1 percent on a trailing three-month basis through July to \$1,549. The metro outperformed the \$1,460 national rate, which marked

a 0.1 percent decline during the same period.

"Exacerbated by the pandemic, the occupancy rate in stabilized properties dropped 120 basis points to 94.0 percent in June," the report says.

Lifestyle rents led the increase while renter-by-necessity rents stayed flat.

Submarkets with inventories packed with lifestyle properties posted the highest rents, but also saw rate decreases:

- Boulder: down 0.7 percent
- CBD/Five Points/North Capitol Hill: down 1.6 percent
- City Park/City Park West: down 9.5 percent, the largest slide.

The highest-performing submarket was College View/Ruby Hill, where rents rose 3.2 percent and year-over-year through July to \$1,432.

"Denver continued to outperform the

national trend, but although it showed signs of recovery, uncertainty remained high over concerns about a new surge in infections," the report said.

"The unemployment rate rose to a high of 12.3 percent in April and slid to 10.5 percent in May, but June preliminary data pointed to a new increase to 11.0 percent. Leisure and hospitality shrunk by 37.5 percent, while professional and business services and trade, transportation and utilities—the metro's largest sectors—contracted by 1.2 percent and 7.6 percent, respectively.

"Unemployment claims filed across the state since the outbreak crossed the 694,000 mark in August," the Yardi Matrix report said.

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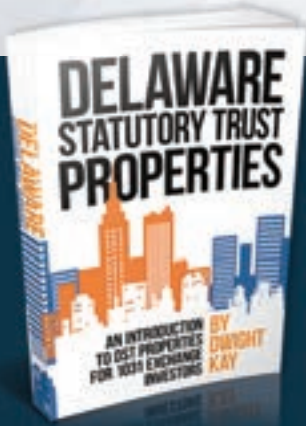
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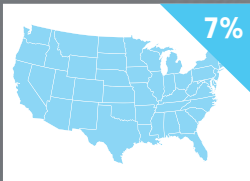
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Can I Cash Out a Portion of My 1031 Exchange Proceeds?

The Ins-and-Outs of a Partial 1031 Exchange

By ORRIN BARROW
VICE PRESIDENT, KAY PROPERTIES AND INVESTMENTS, LLC

Many investors that come to Kay Properties are looking for a full tax deferment utilizing a like kind exchange. A full tax deferment under IRC Section 1031 consists of buying a replacement property for equal or greater value than that of your relinquished value of the property. For example, if an investor sells their property for a net sales price of \$1,000,000 in order to have full tax deferment under Section 1031, the investor has to buy at least \$1,000,000 worth of total real estate as replacement property.

However, many investors are unaware that they are not fully obligated to use 100 percent of their proceeds in order to still do a 1031 exchange. For example, if an investor sold for \$1,000,000 they can actually take \$200,000 out of their exchange to increase their liquidity and only pay capital gains and depreciation recapture taxes on that portion of their exchange, the \$200,000 that they peeled off. The \$200,000 is then deducted from what the investor has to replace, leaving the investor with needing to purchase only \$800,000 of replacement property to defer the bulk of their taxes due.

The liquid cash that the investor has available is now taxable but can be used for a variety of different reasons. Many investors have a large part of their net worth captured inside of their real estate holdings. They understand the value of a 1031 exchange but still want the option of having cash set aside for a rainy day.

During the Covid-19 pandemic, we saw certain investors decided to complete a partial exchange rather than a full exchange so that they could have some additional liquid funds to possibly weather a more severe economic downturn.

It is prudent for investors to understand 1031 exchange rules to complete a partial exchange.

When engaging in a 1031 exchange an investor has 45 days from the date of the recorded closing to identify properties and 180 days from the date of a recorded closing to close on their replacement property. Once an investor's 1031 proceeds are transferred to their accommodator/qualified intermediary account they have the 45-day identification timeline to remove the proceeds that they want to liquidate from the accommodator account. If the funds remain in the accommodator account past the 45th day, the investors proceeds will remain with the accommodator until the 180th day.

Investors need to be aware of when to remove their funds from their accommodator account in order to complete a partial 1031 exchange and how much their estimated tax obligation will be before considering completing a partial exchange. Remember, if your tax obligation from a partial exchange outweighs the proceeds you are left with, it may be prudent to do a full exchange.

It is always advised for investors to speak with their CPA and attorney for all tax and legal advice prior to deciding to complete any 1031 or partial 1031 exchange

About Kay Properties and www.kpi1031.com



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How to Become a Master Strategist: Today’s Key for Successful Landlords

By David Pickron

I have always had a lead foot. It is hard to admit, but with my hard-charging personality, I just want to get where I am going... fast.

As a young man, to prevent countless tickets, I purchased a radar detector that allowed me to sense a police officer before he or she could see me. Police departments realized they were being outsmarted by this technology and needed to make a change, so they started using a different band that most consumer radar detectors did not have at the time.

The private market reacted as it always does, and soon you could buy a radar detector that included the new bands used by law enforcement. This produced a battle between radar-detector companies and police, with one making a move, only to be met with a countermove by the other.

EVICCTIONS TUG OF WAR

We find ourselves in a similar tug-of-war when it comes to evictions, where the CDC has now made a move to stop all evictions nationwide until Dec. 31 in an attempt to limit COVID-19 spread through homeless shelters or crowded family shelters.

As landlords, we are being forced to react to what I personally believe is an overreach. After spending the last few days fuming about this decision and asking myself if I still live in a free country, I have gone through four of the five steps of grief (denial, anger, bargaining, and depression), and now am working my way to the 5th step: acceptance.

Acceptance, that is, of the fact that this is happening, but by no means rolling over when it comes to managing properties. It is time to make a move and consider strategies to protect your investments.



Every property is different and certain strategies might not work for your property. This is not legal counsel and I always recommend when you make a change to any process you run it by your local attorney to make sure it is legal in your state. Please consider these as potential ways to better position yourself in relation to your rental properties.

The following are strategies that many of my clients and I have discussed concerning our policies and criteria:

STRATEGY 1: INSPECT YOUR RENTAL PROPERTIES MONTHLY

We are not targeting, merely being cautious, as we might have to get our homes or apartments ready to sell in these uncertain times.

- Does the carpet need to be replaced?
- Are the filters to the cooling and heating system in good shape, helping to preserve the HVAC unit?
- Does the landscaping need

maintenance?

There is no better time to get your properties in condition to sell.

The CDC order only limits evictions for non-payment of rent. If there are violations of the lease such as unauthorized residents, criminal behavior, pets, smoking, damage to the property or other violations, you can give a proper notice to cure in most states and then move to eviction.

Monthly visits help you stay on top of any of these types of violations.

If you choose to implement this strategy, make sure you are inspecting every property you own in a similar manner, and not just singling out a few.

STRATEGY 2: RAISE YOUR CRITERIA

With the inability to evict tenants for nonpayment of rent, finding the right tenants in the first place becomes paramount.

Raising the credit-score requirements will help find people who have shown responsibility in the past, giving you a good idea of how they will perform in the future. It should be noted here that evictions, judgments, and liens are no longer noted in credit bureaus, so those actions will not lower the score like they would have in the past. You need to make sure your screening companies are using other sources to obtain that data.

Timelines for considering past evictions might also need to be changed. Many of our clients indicate that any evictions or rental collections in the past two years would result in a “no-qualify” decision for their properties. Consider the type of rental you have and consider adjusting appropriately here.

STRATEGY 3: CREATE A RELATIONSHIP WITH A COLLECTION COMPANY

Collection companies and attorneys are currently the only organizations that can place a collection account on the credit bureaus.

There is nothing that prohibits you from turning over past rent owed to a collection company for collection, even if the tenant still lives in your property. If you choose this route, please remember your tenant has control of your property and could cause unnecessary damages.

In the current situation, my fear is that a tenant who owes eight months’ rent may just skip out of the property. At that point you have to start from the beginning of the collections process. This means

finding out where they moved, getting them served, and waiting months to get a judgment.

Why not start the process now and turn it over to a professional who knows how to collect? You will probably have to give up 40 percent of the money owed if it is collected, but that is better than nothing. It will also indicate to your tenant how serious you are about collecting future rent.

STRATEGY 4: CALL PAST TWO LANDLORDS AND EMPLOYERS ON EVERY NEW APPLICANT

Landlords over the years have gotten away from making calls to employers and past landlords, mostly because they are time-consuming and often ineffective.

Some companies charge \$50 for verifications and others won’t give you any information at all, per their attorneys’ direction.

I can promise you that right now landlords are talking, but just make sure you go at least two landlords back, as the current landlord may say anything to get a bad tenant out. I would also ask only factual, “yes” or “no” questions.

- Has your current tenant paid rent on time in the last six months?
- Do your tenants currently owe you any money?

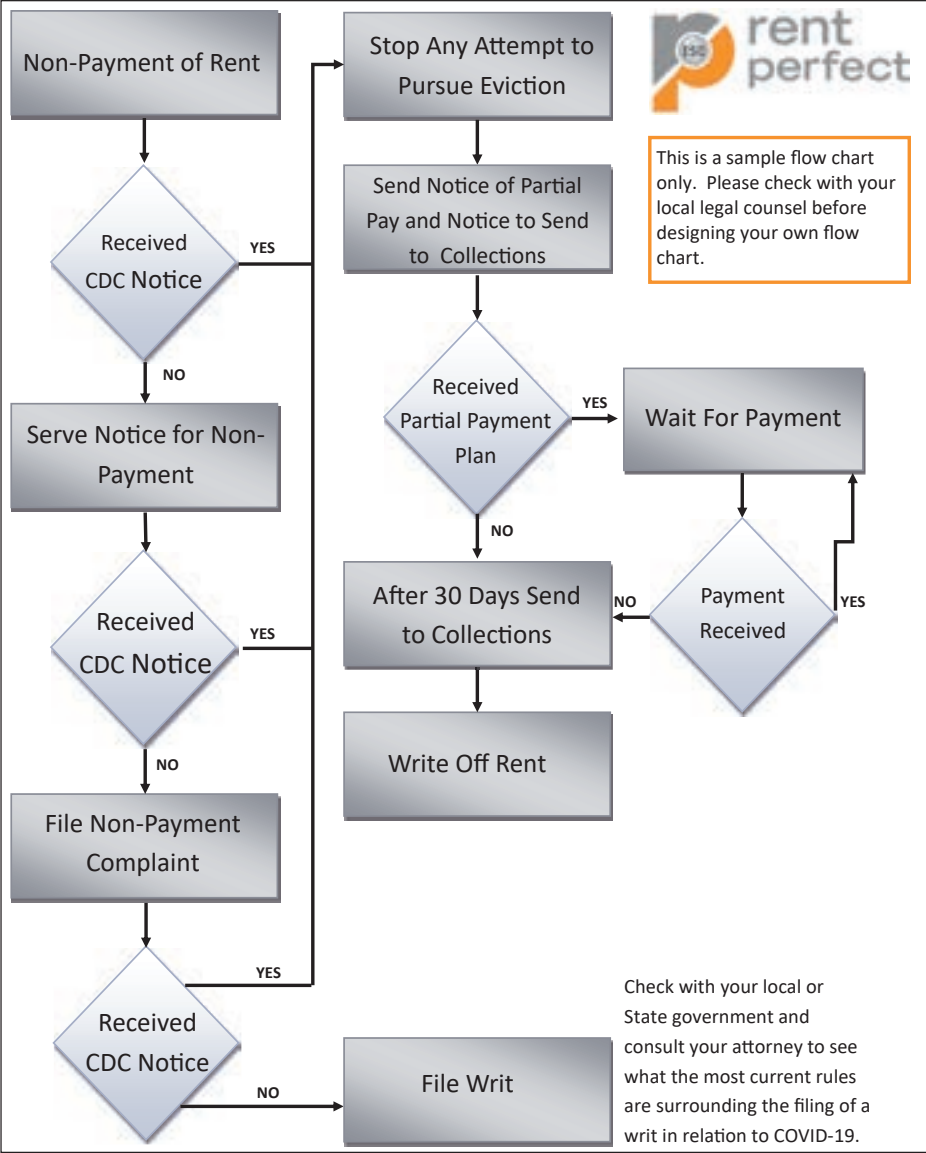
Regardless of whether you implement any or all of these strategies, you need to pay particular attention to your eviction process. It would be beneficial to create a flow chart to help you fully understand your policies and how they are affected during each step of the process. You can view the graphic at left for a sample eviction-process flow chart.

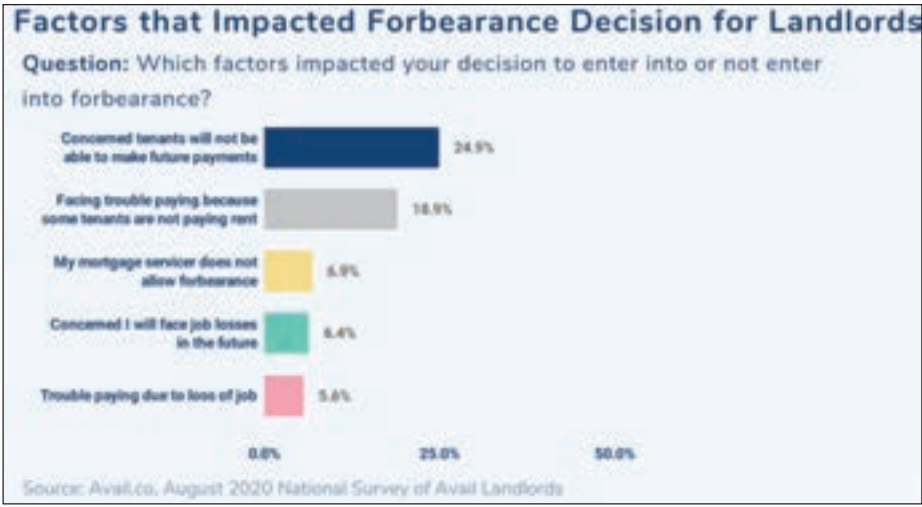
As landlords we have to be flexible and sometime creative, as our survival depends on it.

When a roadblock appears, we thoroughly analyze it and develop a way to speed around it. Just make sure to have the right tools when you do to avoid the “speed traps” that may be out there.

I would love to hear your creative ideas on how you are dealing with today’s uncertain environment.

David Pickron is President of Rent Perfect and a fellow landlord who manages several short- and long-term rentals. He is a private investigator and teaches organizations across the country the importance of proper screening. His platform, Rent Perfect, was built to help the small landlord find success. You can reach him at David@rentperfect.com.





Landlords and Tenants Face Difficulty Making Ends Meet with Mortgage and Rent Payments

RENTAL HOUSING JOURNAL

As the pandemic stretches into its sixth month, renters and landlords alike are having difficulty making ends meet with rent and mortgage payments, according to a nationwide survey conducted by Avail in August, 2020.

Due to the number of renters paying only partial rent, landlords are feeling extra financial pressure to be able to pay their rental mortgages on time. Thirty-five percent of landlords surveyed by Avail gain 50 percent or more of their income from rental properties.

The survey included responses from 2,225 landlords and 2,919 renters. Like renters, the majority of landlords currently reside in California (17.1 percent), with Illinois (7.9 percent), New York (6 percent), and Florida (5.9 percent) following.

With inconsistent rent payments due to COVID-19, 12 percent of surveyed landlords went into forbearance. Concerns over renters not being able to pay rent in the future (24.9 percent), as well as having trouble paying for their mortgages due to some renters not paying their rent (18.9 percent), were the top reasons landlords gave for going into forbearance.

The questions in this survey were developed with the input of researchers in the Urban Institute’s Housing Finance Policy Center.

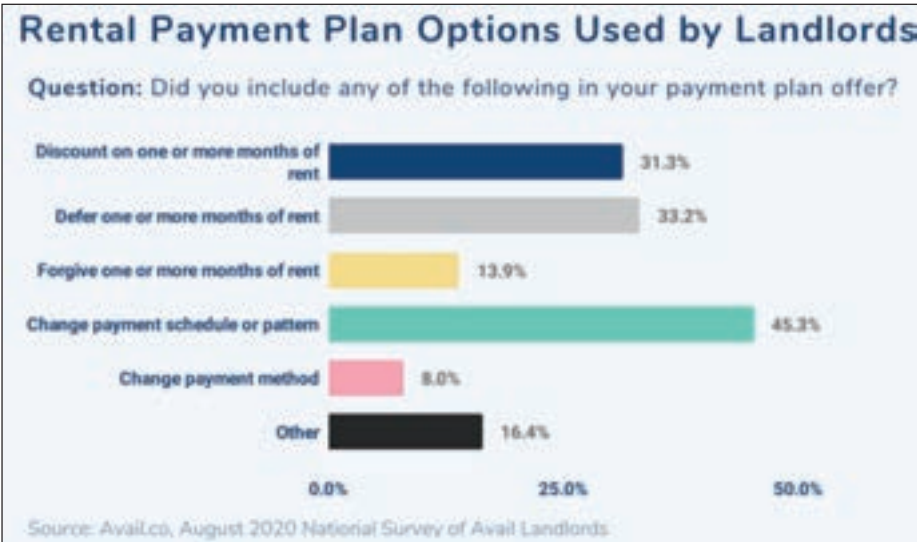
STRUGGLING RENTERS LEAD TO STRUGGLING LANDLORDS

According to the survey, 64.2 percent of renters who responded stated the main challenge they have faced in paying rent is due to a loss of employment or reduced income during July.

In August, 60 percent agreed, and 61.9 percent said another challenge was balancing paying rent and other regular expenses. This is cited despite the majority of renters being employed and working 30 hours or more during the time of their survey response.

In order to make monthly rent and mortgage payments, both renters and landlords are increasingly looking to their savings, ways to borrow from friends and family willing to lend funds, and government aid for help.

Landlords are looking to their savings accounts or emergency funds for help with covering expenses. Of those who responded, 35 percent said they were using savings or emergency funds to cover the payments, while 21 percent said instituting a rent-payment plan or deferment option for their renters helped.



35 percent of respondents said they were using savings or emergency funds to cover the payments, while 21 percent said instituting a rent-payment plan or deferment option for their renters helped.

MORE THAN ONE-THIRD OF LANDLORDS ARE RETIRED

From the survey, Avail also found that 36 percent of landlord respondents are retired.

This, paired with landlord respondents commonly reporting that they are using savings to continue mortgage payments on their rentals, illustrates the financial pressures some landlords are facing during the pandemic.

According to surveyed landlords, 54.2 percent think the income made from their rental properties will continue to remain the same in the next three months.

Roughly 30 percent think this form of income will decrease in the coming months, while only 15.1 percent of landlords said they believe it will increase.

“One renter has lost a job in the oil field and is working a lower-paying temporary job. Another renter, a single parent with no child support, has changed jobs in the past two months,” said a landlord in Texas in the survey, giving reasons as to why landlords are looking to decrease their rent.

“Ultimately, a tenant losing a job to the COVID-19 economic downturn is

not something that is necessarily under their control,” said one landlord from Minnesota. “[The] government has put a lot of pressure on the landlord to assume

losses and protect the tenant, which makes for a very challenging situation.”

Some landlord frustrations stemmed from the federal, state, and local governments allowing for some eviction protections on renters while not giving the same measures to landlords that hold mortgages from private companies not covered by CARES Act mortgage-forbearance measures.

“It is unsustainable to allow the tenant to not pay but require a landlord to pay a mortgage due,” said a landlord from Maryland. “These decisions appear to be made without due consideration to the relevant factors of sustainment, which has caused an unequal distribution of the effects of the impact caused by the response to COVID-19.”

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3 Solutions Toward Safeguarding Nation’s Affordable Housing Supply

By Matthew Davies

In the coming weeks, the affordable-housing industry will be hit with the perfect storm.

President Trump’s recent memorandum extended federal unemployment benefits through December 27. Yet, those out of work will still receive a lesser benefit per week compared with the federal employment benefits provided under the CARES Act. Some are questioning the legality of the memorandum, leaving an industry in flux and 24 percent of Americans uncertain as to whether they will be able to make their next rent payment.

And while federal eviction moratoriums that went into place following the COVID-19 pandemic were lifted, the CDC’s newest ruling prevents evictions through December 31. Trump’s recent executive order didn’t clearly extend the moratoriums, but instead directed Health and Human Services and the CDC to evaluate whether stopping evictions continued to be necessary.

But rent forgiveness only passes the burden to the landlords who manage these properties, who have mortgages and property taxes of their own. With little to no rental income and no moratorium for paying mortgages and property taxes, owners and operators of affordable housing face a difficult choice: fight these eviction moratoriums in court or – unable to sustain their businesses – cut their losses and walk away altogether. The result is a devastating impact on an affordable housing stock that is already in short supply, at a time when increasing numbers of people need affordable housing.

Why are owners and operators of affordable housing more deeply affected than other property owners?

Affordable housing presents an array of challenges for property owners.

First, owners and operators of affordable housing operate on thinner margins than market-rate apartments, especially upper-end apartments. Second, a much higher proportion of affordable-housing residents work in the “informal” economy, making them ineligible for unemployment benefits, much less the expanded benefits that were offered under the CARES Act. For these residents, help has come instead in the form of local jurisdiction ordinances that delay payment of rent and forestall evictions.

On the West Coast, these ordinances have been overly broad, allowing people to stop paying rent for any reason, regardless of whether their jobs were affected by COVID-19. At the same time, local governments are making delayed property tax payments hard for property owners to obtain. Local utility companies are offering no deferrals and GSO debt forbearance creates its own sets of undue hardship. The housing providers are bearing the brunt from all sides.

A COMPLEX PROBLEM REQUIRES A MULTI-FACETED SOLUTION

The United States has a shortage of more than seven million affordable homes and apartments for extremely low-income families, according to the National Low



Income Housing Coalition (NLIHC).

As housing production costs rise faster than incomes, particularly in light of the COVID-19 pandemic and its impact on jobs, this disparity is only poised to widen.

While a second coronavirus stimulus bill, if passed, will help citizens in the short term, bailouts like these are economically unsustainable for our country and they don’t solve the underlying issue: the shortage of affordable homes in the nation.

Increasing the number of affordable homes available to renters requires a three-pronged approach that includes short-term rental assistance for those in need, longer-term financial assistance to the developers, owners, and operators of affordable housing communities, and fewer burdens and zoning restrictions to encourage – rather than stifle – development.

LANDLORDS: NEGOTIATE PAYMENT PLANS WITH TENANTS

Landlords should be willing to negotiate rent payments with their tenants when necessary.

Discuss what tenants can afford and then offer an alternative such as rental assistance, temporary rent subsidies, or a rent payback plan that is acceptable to both parties.

BANKS, LENDERS, MUNICIPALITIES, AND UTILITIES: PROVIDE ASSISTANCE FOR OWNERS AND OPERATORS OF AFFORDABLE HOUSING

Private and government lenders can help lessen the burden on the affordable housing industry by granting

zero-interest bridge loans for property owners with a timeline that coincides with the government-mandated rental freezes. This type of assistance could help ensure the properties could remain operational until such time that renters are back to work and able to pay their rent.

For landlords who have a mortgage, the CARES act assisted by waiving late fees on mortgage payments or suspending foreclosures, and some lenders extended those moratoriums. To qualify, landlords must show proof of rental income losses to their lender. Finally, the Economic Injury Disaster Loan (EIDL) offers emergency grants up to \$10K to small businesses impacted by the coronavirus.

STATE AND LOCAL GOVERNMENT LEADERS: ADOPT POLICIES THAT ENCOURAGE THE DEVELOPMENT OF AFFORDABLE HOUSING

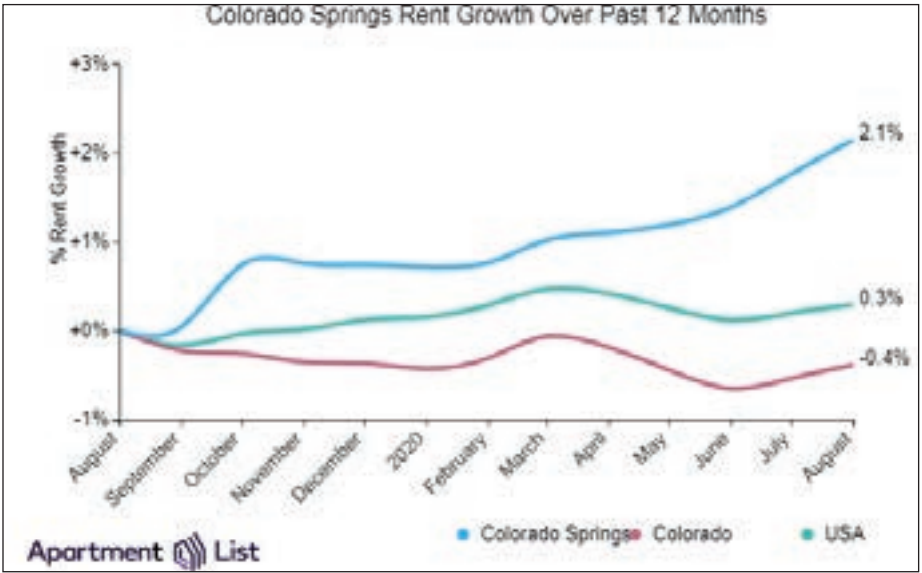
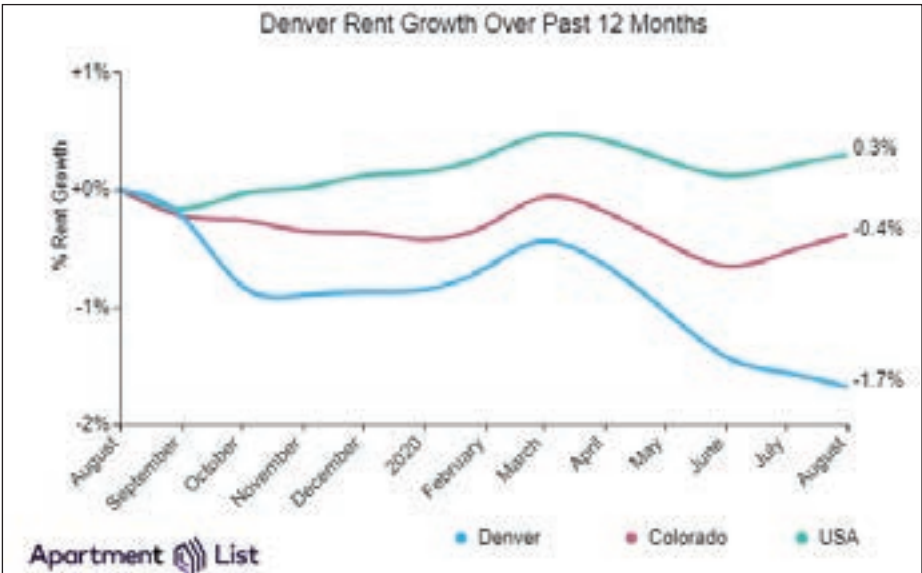
As previously mentioned, our nation has a shortage of affordable homes, which can be alleviated – at least in part – by increasing the supply. This means building affordable housing closer to population centers and closer to jobs, and doing so requires more permissive zoning and less red tape.

Further, we need to get creative with how we use the available land to accommodate more families. Tiny home communities are one option for providing homes for more families in less space, often accommodating 25-30 residencies per acre. High-rise apartment buildings also provide greater density, giving housing to about 300 people per acre, on average.

To protect the businesses that provide and maintain affordable housing requires safeguarding rental income, deferring at least some management costs, and cutting down barriers that preclude housing development in the areas where they are needed most. This is vital if we are to ensure the continuation of affordable housing that society relies on.

Matthew Davies is the founder of Stockton, CA-based Harmony Communities, which currently owns and operates thirty-three manufactured housing communities in the western United States. An investor and community development professional working for affordable housing solutions, Davies’ goal is to help bring the opportunity for homeownership to people in his home state who otherwise could not afford to buy a home.





Rents Holding Steady

Continued from Page 1

- median of \$1,942; rents were up 0.5 percent over the past month but remained flat year-over-year.

Colorado Springs rents increased 0.4 percent in August, and are up moderately by 2.1 percent in comparison to the same time last year.

Median rents in Colorado Springs are \$1,000 for a one-bedroom apartment and \$1,290 for a two-bedroom.

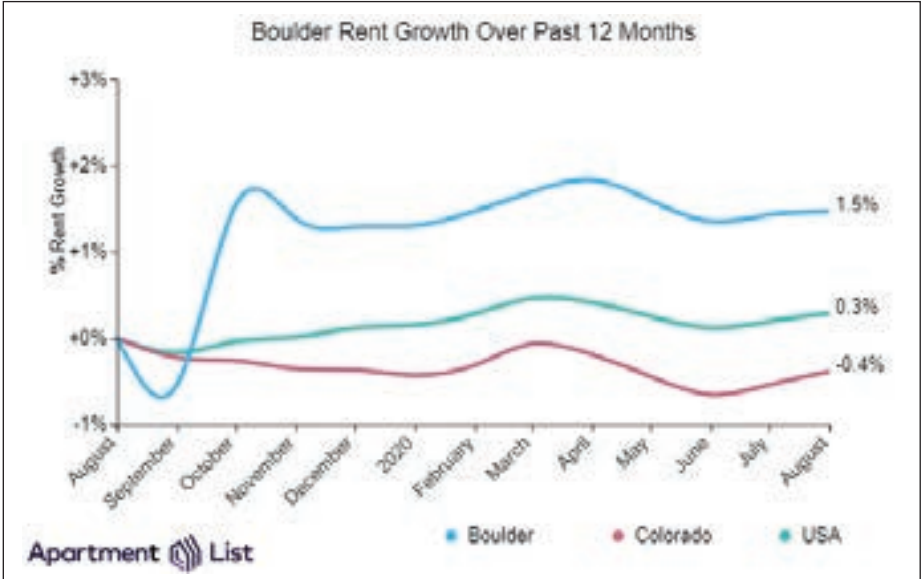
This is the seventh straight month that

the city has seen rent increases after a decline in January.

Boulder rents have remained flat over the past month, however, they have increased slightly by 1.5 percent year-over-year.

Median rents in Boulder are \$1,191 for a one-bedroom apartment and \$1,454 for a two-bedroom.

Over the past month **Fort Collins** rents have remained steady. Median rents in Fort Collins are \$973 for a one-bedroom apartment and \$1,190 for a two-bedroom.



4 Vital Questions You Should Answer Before Tenant Asks

Continued from Page 1

Below is a list of four questions your prospective tenants are most likely to ask before signing a lease agreement with you.

No. 1 - How is Rent Paid?

It's likely that nearly every property management company or landlord in charge of a rental home employs a different strategy for dealing with rent-related issues, especially in this time of COVID-19.

It is important that you clearly state in the lease agreement your position on how rent should be collected and any other related matter. Below are ideas for clarifying the rent-collection process in your rental agreements:

- State whether you allow for a grace period, and the terms for it;
- Specify penalties for late payments or late-rent policies
- Specify the acceptable method(s) of rent payment:
- Spell out the consequences of not paying rent.

No. 2 - What Utilities are Tenants Accountable for?

In most rental homes, this is one of the major causes of disputes between renters and property managers.

In many cases, landlords cover some utility bills as a form of incentive or bonus to tenants. Other times, the utilities are in the landlord's name and will require a change to the tenant's billing. Be sure to state when and how this is supposed to happen so you as the manager do not get stuck with tenants' bills.

When drafting your rental agreements, it is advisable that you clearly itemize the utility bills that rentals are expected to handle on their own.

Below is a list of utilities that property managers are likely responsible for:

- Water/sewer/trash

- Garbage collection
- Parking permits
- Cable and/or internet connections

No. 3 - What If I Need to Break My Lease Before Its Expiration?

Sometimes your tenants may need to break their lease before the agreed termination date.

You cannot force a tenant to continue to live in your property against their wishes. It is a hassle every property manager must deal with.

It is important that you include the early-lease-termination procedure in your lease agreement. This alerts your tenants of what to expect if such a situation arises in the future.

Here are some key things to include in this clause of the contract:

- The notice required to vacate the property (including time-frame and form the notice must be given in).
- Charges associated with early termination.
- The cancellation process, should you choose to allow certain instances of early lease termination.

No. 4 - What is Your Pet Policy?

Pets are great friends to live with, but what happens when your garden or rental-home carpets are destroyed by these same friends?

Before renting your home to a tenant, you should include the type/number of pets allowed and the deposits tenants are required to pay.

Also, clearly state the penalty for destruction caused by a tenant's pet(s) or the presence of an unapproved pet on the property.

Also remember that therapy dogs,

assistance animals, and companion animals approved by a medical professional are not pets and thus not subject to a no-pet policy.

FINAL THOUGHTS

Renting your property to a tenant can be a lot to handle if your rental agreement

doesn't explicitly state your position on these important issues.

It's also a good idea, before drafting your agreement, to talk with a local property lawyer. It's important to be on the right side of your state and city laws. It's critical that you stay on the right side of your state laws.

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Can You Evict a Tenant for Firing a Pistol?

By HANK ROSSI

Dear Landlord Hank: Can a tenant get evicted for discharging a pistol and injuring a guest? They wanted to keep the incident quiet. No police showed up. -Margie

Dear Landlord Margie,

Check your lease first – normally there is a section entitled “Use of Premises,” which goes on to detail that tenants must maintain the property in a clean and sanitary condition and not disturb the surrounding residents or the peaceful and quiet enjoyment of the premises, etc.

There should also be a section about illegal activity being prohibited.

You don’t want to tolerate this kind of dangerous behavior, and your other tenants will be moving and neighbors will be complaining loudly too, and rightfully.

Do you know any details of the shooting?

Could it have been a legitimate accident?

Move quickly to take care of this.

Dear Landlord Hank: I have a gated driveway to a triplex. I’m concerned about tenants possibly abusing the gate. I would welcome your thoughts. -Tom

Dear Landlord Tom:

Is there a way for you to install a discrete camera to observe?

If there is some abuse and you have no proof of which person caused the damage to the gate, you won’t be able to bill the proper party for repairs.



I’d hook the camera up to a monitoring system so you can check footage if something happens.

It would be nice if the camera would work at night as well.

Dear Landlord Hank: I am in the process of re-renting a home in Puyallup. There is a no-pet policy in place at this property, as previous tenants with a dog destroyed some areas. Now that the house has been upgraded, no pets. What are my rights regarding the “therapy or service dog?” Can I ask for paperwork and/or anything else??? - Lois

Dear Landlord Lois:

I am not able to give legal advice. Here is my understanding of the situation.

The federal Fair Housing Act requires landlords to make reasonable accommodations for tenants with disabilities, and allowing an assistive animal in a no-pet building can be such an accommodation. (See Fair Housing Amendments Act, 42 U.S.C. -3601-3619.) There are service animals that provide assistance to disabled people, like Seeing Eye dog, for instance, and there are emotional-support animals that have not been trained to perform a service, but are a companion animal. In this case, a letter

from a medical doctor or therapist is all that is needed to classify the animal as an assistance animal.

My understanding is that when a person’s disability is not readily apparent, the landlord can request information to support the claim of a disability. This proof could be state disability benefits or a letter from a treating health provider stating that this person does indeed have a disability.

OK, so once it’s determined the applicant has a disability, they need to establish the need for an emotional-support animal.

If the need is not apparent, you can ask for supporting documentation that the person has a need for an emotional-support animal. The information or proof that the animal provides assistance should come from a qualified health care provider who is licensed or certified, is in good standing with their professional regulatory board, and has personal knowledge of the individual. Under the new law in Florida, a certificate or online registration from the internet, by itself, does not establish a disability or the need for an emotional=support animal.

What you can’t do is ask for a pet deposit, as the animal is not classified as a pet but as a medical device. You also cannot require information disclosing the actual diagnosis of the person, nor any medical records relating to that diagnosis. If the applicant is willing to provide that information, it would be at the applicant’s discretion.

I suggest, as always, that you do an in-depth background screening of all



individuals, at their expense. If you have a good rental history, and prior landlords have said that the tenants were good tenants and that they would re rent to them, I’m normally satisfied with that portion of the screening. I like a 5-year residential history. If a tenant can’t control their service animal or emotional support animal or they damage property or are a nuisance, this is not something you have to put up with. Be very careful here though.

Hank Rossi started in real estate as a child watching his father take care of the family rental maintenance business and was occasionally his assistant. In the mid-'90s he got into the rental business on his own, as a sideline. After he retired, Hank only managed his own investments, for the next 10 years. A few years ago Hank and his sister started their own real estate brokerage focusing on property management and leasing, and he continues to manage his real estate portfolio in Florida and Atlanta. Visit Landlord Hank’s website: <https://rentsrq.com>.

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