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Circulated Monthly To Thousands Of Local Apartment Owners, Property Managers, On-Site & Maintenance Personnel



How to Deal With Gun Fired into Apartment Below

EDITOR'S NOTE: RHJ gets regular questions for landlords and attorneys; this one comes from a concerned tenant who says the upstairs tenant discharged a gun and the bullet came through the ceiling in the apartment below. Attorney Denny Dobbins provides his take as a landlord attorney (based on Arizona law; check with an attorney in your specific area), on the information provided by the tenant in a question-and-answer format.

By Denny Dobbins

Question from tenant: The tenant above me discharged a firearm into the floor and the bullet came through my ceiling.

Answer from Dobbins: The way this is worded raises the question of whether the discharge is accidental or intentional. My experience shows that the landlord's duty to deal with such a matter does not

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ECRWSS POSTAL CUSTOMER

Rent Growth is Slowing Down

By John R. Triplett

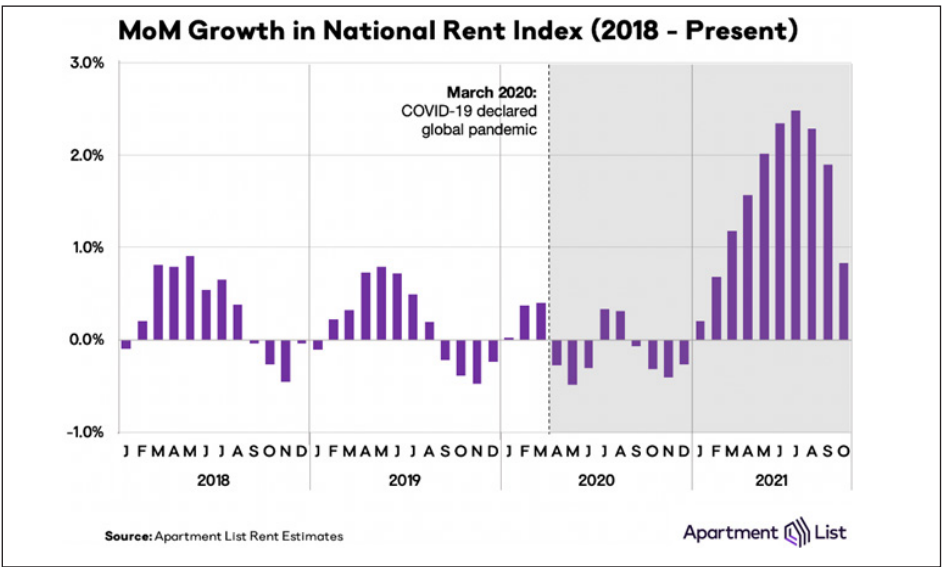
National rent growth continued to slow down in October as the national index increased by 0.8 percent from September to October, the lowest month-over-month growth rate since February, according to the November Apartment List report.

While October still showed a slight rent-growth increase, "Twenty-two of the nation's 100 largest cities saw rents fall this month, ending a six-month stretch in which virtually all of these cities were experiencing uninterrupted rent growth," the report said.

"Although the pace of rent growth has slowed down significantly from its July peak, growth is still outpacing pre-pandemic trends, with rents continuing to rise during a time of year when seasonality normally causes prices to dip.

"Since January of this year, the national median rent has increased by a staggering 16.4 percent. To put that in context, rent growth from January to October averaged just 3.2 percent in the pre-pandemic years from 2017-2019," the report says.

Apartment List says much of the year's rent-price increases have been tied to the tight rental market, with more people competing



for fewer rentals. Now the vacancy rate, after hitting bottom at 3.8 percent in August, has trended up the last two months to 4.1 percent.

"Although this is a fairly modest increase, it represents an important inflection point, signaling that tightness in the rental market is finally beginning to ease. If our vacancy rate continues to increase in the coming months, it's likely that rent growth will also continue to cool," the report said.

"While the market remains extremely tight, we're now seeing the first signals of that pressure beginning to ease. That said, it's important to bear in mind that 35 of the nation's 100 largest cities have seen rents jump by more than 20 percent since the start of the pandemic. Even if rent growth is finally cooling, this year's rent boom has already added significant housing affordability pressure for America's renters."



Is Your Tenant a Tool? (It's Not What You Think)

By Scot Aubrey

A few years ago my wife decided to surprise me by organizing our garage. I was reluctant at first because my garage has always been the one safe place for me to put my stuff, no questions asked. I knew once the organizing process started, there would be a lot of questions from her and a lot of push-back from me.

We started by emptying the contents of my tool bag, some of which were embarrassingly still in their original wrappers. After pulling out five or six screwdrivers, my wife asked, "Do we really need this many screwdrivers? After all, you only have two hands."

What I knew that she did not is that each

screwdriver (flathead, Phillips, ratchet, magnetic) had unique characteristics that made it especially useful. This process continued as we worked our way through cutters, pliers, and other odds-and-ends, with a brief explanation of why I needed each, and its usefulness.

Reviewing rental applicants reminds me a lot of this initial organizing experience. When we open up the pool of possible tenants for our properties, we are almost always looking at a mixed bag of individuals and personalities. Each is valuable, each has purpose, and each has merit for us to consider as we look to fill our property with a potential, qualified "business" partner.

See 'Tenants' on Page 8

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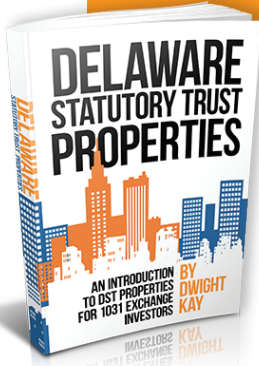
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What is a Delaware Statutory Trust Sponsor Company?

By **ALEX MADDEN, VICE PRESIDENT,**
KAY PROPERTIES AND INVESTMENTS, LLC

Many 1031 exchange investors have never heard of a DST Sponsor, what they are, or what they do. It is important for investors considering DST properties to understand the role of a DST sponsor and what they do. After reading this article, a 1031 exchange investor should have a better understanding of what a DST sponsor company is and does, and why they play a critical role in the DST 1031 investment picture.

WHAT IS A DST SPONSOR?

As with other real estate investments, the term “sponsor” is used to identify the person or firm that basically “quarterbacks” the DST investment from start to finish, including structuring the investment to make it available for accredited investors including those in a 1031 exchange as well as cash investors. Whether it is an entire portfolio of net-leased retail buildings located across multiple geographic areas or a single multifamily building located in a single neighborhood, the role of the DST Sponsor is to find viable real estate deals in which accredited investors will be interested in investing for their DST 1031 exchange process.

THE ROLE OF A DST SPONSOR?

A DST Sponsor’s role starts early on in a real estate investment. Many times, the DST Sponsor is actively involved with negotiations or plans months before investors or 1031 advisors even hear about a potential investment property. Typically, a DST Sponsor company will evaluate hundreds of properties across a vast swath of geographic territory for purchase, until they eventually make offers on a few of them. Sometimes the DST Sponsor finds these properties via on-market opportunities and other times off-market opportunities. Once a property is identified as a potential investment opportunity, they will then negotiate the purchase agreement and assemble the necessary equity capital and debt financing needed to

acquire the property. The DST Sponsor then negotiates the terms of the purchase and sale agreement, and prepares all the investor marketing materials. The DST Sponsor also oversees all pre-acquisition activities, including all due diligence (such as engaging specialists to provide third-party reports and reviewing existing financial information, among other things.).

As mentioned, DST Sponsor companies will often handle most of the financing aspects related to acquiring properties offered for a DST investment. This can include combining the combining the firm’s own capital with some kind of bridge loan for the acquisition, and then arranging any long-term debt that will be included in the transaction. This long-term debt can be an extremely important element from an investor’s perspective, as many DST investors need to replace debt as part of their DST 1031 exchange, and a property that has existing leverage can be helpful to these clients.

HOW WE EVALUATE OUR SPONSORS

Clearly DST Sponsors play an important role in a DST real estate investment, and therefore it is critical that the sponsor be highly qualified. Kay Properties & Investments works with 25-30 different DST Sponsors who, along with their property offerings, are always carefully vetted. A good DST Sponsor brings specific expertise to the project like intimate knowledge of the market or a deep understanding of the asset class - or both!

Not all sponsors are created equally. Some are much more qualified than others. So we ask the following questions for any prospective DST Sponsor.

- How much experience do you have with the local market and with that asset class?
- Have any of your prior real estate investment offerings failed to meet expectations?
- How good are you at evaluating risk?
- What systems do you have in place to ensure

proper management of the project?

In short, the DST Sponsor is an important element in a DST investment’s success, so it’s important to work with a DST Sponsor that’s highly-qualified. When investing in DST investments, be sure to understand who you’re working with, what they’re responsible for and how they plan to execute on the project’s business plan.



Kay Properties provides a complete platform for real estate investors including providing access to a marketplace of DSTs from more than 25 DST sponsor companies, custom DSTs only available to Kay Properties clients, A DST secondary market - for those wanting to sell their DST interests prior to the property selling, the largest selection of debt free DSTs in the industry and leveraged DSTs for a 1031 debt replacement. For more information, please call Kay Properties today at 1-855-899-4597 or visit www.kpi1031.com to register for one of our exclusive DST 1031 events.

ABOUT THE AUTHOR:

Alex Madden joined Kay Properties and Investments as a vice president and DST 1031 expert, helping clients navigate the nuances and rules surrounding this unique investment universe. Prior to joining Kay Properties, Alex was a specialist at KPMG’s Management Consulting Federal Advisory practice where he consulted for the Department of Housing and Urban Development (HUD) and Federal Housing Authority (FHA), specifically in the Multi-Family, and Single-Family space.



Alex is a former US Army Ranger with multiple deployments to where he attained a rank of Chief of Staff in an elite Special Operations Task Force. Alex graduated from Salve Regina University, in Newport Rhode Island, with a degree in European History.



About Kay Properties and www.kpi1031.com

Kay Properties & Investments is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 115 years of real estate experience, are licensed in all 50 states, and have participated in over \$21 Billion of DST 1031 investments.

There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition,

lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. All offerings discussed are Regulation D, Rule 506c offerings. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential distributions, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals, and risk tolerances. Securities offered through Growth Capital Services, member FINRA, SIPC Office of Supervisory Jurisdiction located at 2093 Philadelphia Pike Suite 4196 Claymont, DE 19703.

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Consumer Bureau: Name-Only Matching is Illegal in Screening for Tenants, Jobs

RENTAL HOUSING JOURNAL

The Consumer Financial Protection Bureau (CFPB) is warning tenant-screening companies and employment-screening companies that they are violating the law if they engage in shoddy name-matching procedures, saying that regulators will crack down.

In an advisory, the CFPB says regulators are concerned about the significant harms caused by false identity matching, where an applicant is disqualified from rental housing or a job based on having the same name as another individual who has negative information in their credit history. Specifically, the CFPB affirmed that the practice of matching consumer records solely through the matching of names is illegal under the Fair Credit Reporting Act (FCRA).

“This advisory opinion focuses on one method of matching being used in the industry, known as ‘name-only matching.’ This method is especially likely to lead to inaccuracies in consumer reports. Name-only matching occurs when a consumer-reporting agency uses only first and last name to determine whether a particular item of information relates to a particular individual, without using other personally identifying information such as address, date of birth, or Social Security number,” the CFPB statement said.

FALSE IDENTITY-MATCHING HURTS LANDLORDS AND TENANTS

“These sloppy practices hurt all of us,” CFPB Director Rohit Chopra said in a statement. “They hurt prospective renters in search of affordable housing. Even when they are able to locate a safe and affordable unit, many prospective renters are unlawfully blocked from an opportunity to live in the home of their choice due to careless data practices by tenant screeners.

“These inaccuracies also hurt the small landlords who rely on tenant-screening companies to help them make smart decisions about their business, and who themselves often confront an opaque and uncompetitive market in information about tenants.”



Also, disclaimers from the companies are not good enough, according to the CFPB.

Chopra added, “I would warn consumer-reporting companies against trying to evade their responsibilities under the Fair Credit Reporting Act simply by issuing a disclaimer that their report might not be matched to the right person.”

He said false identity-matching “is especially harmful for communities of color who are disproportionately impacted by these sloppy practices. The risk of mismatching from name-only matching is likely to be greater among Hispanic, Black, and Asian individuals because there is less surname diversity in those populations than among the non-Hispanic white population.”

ADDITIONAL STEPS TO BE TAKEN

Following the issuance of the opinion, the CFPB intends to take a number of additional steps:

- First, closer collaboration with the Federal Trade Commission (FTC). In the background-screening

context, the FTC may be able to prosecute unfair or deceptive conduct not covered by the Consumer Financial Protection Act.

- Second, when prosecuting violations under the Fair Credit Reporting Act, in addition to civil penalties, the CFPB will seek to redress the full range of harms to victims. The law authorizes the CFPB to seek restitution and damages for violations of the FCRA.
- Third, the bureau will make referrals to the Department of Justice’s Civil Rights Division when the conduct might implicate violations of anti-discrimination laws.
- Finally, the CFPB will be supporting the FTC in its work to monitor business models that rely on harvesting and monetizing personal data. Big Tech giants and less well-known data brokers may be trafficking data and consumer reports that trigger obligations under the FCRA, including restrictions on permissible purposes. The CFPB will be using its tools to ensure that individuals are protected in accordance with the law.

Stringent Rent Control Passes in Minnesota

RENTAL HOUSING JOURNAL

A stringent three percent rent control measure has passed in St. Paul, Minn., and Minneapolis voters also approved rent control in concept, according to reports.

Voters approved St. Paul’s measure that will cap rent hikes at 3 percent in a 12-month period regardless of a change in occupancy, and Minneapolis voters approved a measure to allow city leaders to begin crafting a rent-control policy, according to the *Minneapolis Star-Tribune*.

Supporters said the initiatives — which would enact rent control in St. Paul in 2022 and allow Minneapolis to enact a yet-to-be-developed policy in the future — would create stability for tenants in a tight housing market where most residents are renters.



NMHC: RENT CONTROL WELL-MEANING BUT INEFFECTIVE

The National Multifamily Housing Council (NMHC) released a statement saying, “Although well-meaning, rent-

control measures do nothing to provide real relief for those they intend to help. The passage of rent-control measures in Minneapolis and St. Paul are a true setback for those committed to finding effective solutions to address the cost of housing.

“Rather than improving the availability of affordable housing, rent-control laws exacerbate shortages, cause existing buildings to deteriorate and disproportionately benefit higher-income households. These measures could result in even further instability for Minnesota’s renters and the rental-housing market at large,” the NMHC said in the release.

ST. PAUL’S STRINGENT RENT CONTROL

St. Paul’s policy would not make

exemptions for new construction or inflation.

Critics said that without those exemptions, the policy could be one of the strictest in the world.

Some St. Paul voters said rent control was the biggest issue on this year’s ballot, which also included mayoral and school board races, according to reports.

The vote came in response to skyrocketing home prices and steep rent hikes that have been caused by the Twin Cities’ nation-leading housing shortage.

Voters in Minneapolis were asked a similar question about rent stabilization, although that proposal does not cap rent increases at a certain percentage like the St. Paul policy does, and leaves open options yet to be approved.

Should Landlord Allow Tenant to Repaint a Rental?

BY HANK ROSSI

Dear Landlord Hank: A new tenant has moved into one of my units and the tenant has asked to repaint. I just paid to have the unit painted white so it would go with everything. What do you think? — Mike

Dear Landlord Mike: I would tell the tenant that he or she cannot make any changes to the paint.

In the past, tenants have sworn they would repaint to original color and it has never happened. The tenants often paint some color that is difficult to cover — very bright or very dark — so when they move out it will cost you two times as much to repaint for the next family.

I like to give tenants a nicely painted, neutral color, normally bright white to make the units feel even larger.

But occasionally, someone asks if they can



repaint. My answer is “No. If you don’t like the color, I’m sorry, but repainting is not an option.”

In my experience, either tenants don’t repaint, as promised, or they do a poor job and get paint on the carpet, or use the wrong color, etc., therefore costing even more money to fix and repair.

I even had a tenant who worked as a painter (not for me on my rentals), but promised he’d repaint. That promise went out the window

when his divorce occurred and he couldn’t find the time.

I’ve had prospects say they will take an unpainted unit after viewing the unit prior to the current tenant leaving. I thought that I couldn’t really lose, since I would not be supplying the paint or labor.

Wrong. These tenants added accent walls in bold colors and designs, which made repainting far more work when they moved out.

WHAT CAN YOU DO ABOUT TENANTS WHO FIGHT?

Dear Landlord Hank: I have a tenant couple that fight on a regular basis and call the police. I do not want the police in my park. I feel it makes for a bad reputation. Can I evict them? And how? Thanks in advance. —Debbie

Dear Landlady Debbie: I’m not an

attorney, so I can’t give legal advice. I would look at your lease.

In my lease, in the section “USE OF PREMISES: Tenant shall maintain the premises in a clean and sanitary condition and not disturb surrounding residents or the peaceful and quiet enjoyment of the premises or surrounding premises.”

I would warn these tenants in writing that this kind of behavior will not be tolerated and is in violation of the lease.

Then I would talk to an attorney for advice.

This kind of conduct in your establishment will definitely lead to a bad reputation and it may attract exactly the kind of tenants you don’t want.

For more questions and answers, visit Landlord Hank's website: <https://rents-rq.com>.



How to Combat Alarming Uptick in Fraud Within the Multifamily Rental Industry

By PAUL WILLIS

It’s become one of the most striking—and most unwelcome—trends in multifamily rentals.

Over the past couple of years, and especially since the start of the pandemic, apartment operators say fake pay stubs, “synthetic” IDs and other falsified documents have become all too common in the leasing process. While fraud has always existed in the apartment world, industry professionals agree that it has never before elevated to its current levels.

“It’s insane,” said Nikki Chambers, director of systems and training for Hanover Company. “I’ll have five fraudulent applications at one property in just one week. It’s crazy just how much more fraud there is in the market. It used to be isolated to particular submarkets and now, just like how crime has no ZIP code, it’s the same thing with fraud. It’s not isolated to any area, submarket, region or even a product type.”

A recent Entrata survey found that 55 percent of respondents have been experiencing fraudulent attempts every few months with 15 percent experiencing multiple fraudulent attempts every month. The pandemic has exacerbated the fraud trend, as Entrata data shows that identity-theft reports are up over 2,000 percent since the onset of the pandemic. Perhaps more telling is that 5 percent of applicants among the company’s clients could not be approved due to a lack of verifiable identification, which indicates that one of every 20 potential lessees is aiming to circumvent the system.

“With the average fraud loss at about \$3,500 per case, it can be extremely costly, particularly with multiple instances,” said Kelly Canepa, senior vice president of product for Entrata. “That’s why operators are seeking advanced-screening measures that diagnose potential fraud early in the process and ensure that preventative best practices are in place.”

While fraud prevention used to be a background priority in the industry, it has risen to the forefront as a primary concern. Industry experts recently discussed the rising fraud problem, including innovative tactics by deceitful applicants and ways to combat the escalating trend.

TYPES OF FRAUD

Fake pay stubs, designed to inflate one’s actual earnings, are so prominent that websites are dedicated to them. But that fraud tactic seems a bit old-school compared to some of the new-age types being introduced. Identity theft is becoming more sophisticated, as individuals are using the identities of children, missing persons and deceased individuals—a tactic known as synthetic ID fraud.

This occurs when parts of real identities—such as Social Security numbers, address and driver’s license information—are combined with false information. This means a background check can still pass on some occasions.

“There has been an enormous uptick in all types of

“We have to make sure our teams have the tools—systems, technologies and procedures—that enable them to weed out the fraudulent applicants and create the best possible experience for the qualified applicants.”
— Nikki Chambers, director of systems and training for Hanover Company

applicant fraud,” said Shawaun Alexander, vice president of operations software and systems for Bozzuto. “It’s actually become one of our primary focus areas, particularly since the effects of the pandemic still loom over occupancy and retention rates.”

Fraudsters are becoming more sophisticated. They often use these forms of fake information and false identities to get into an apartment community, then skip out after a few months when it’s apparent that they cannot pay. Oftentimes they escape with no repercussions, because their identity was false to begin with. And the tactics they deploy continue to evolve. They’ll even use outlets that sell identities on the black market.

“False pay stubs used to be all that we’d see,” Chambers said. “Now they are the least of our worries. We’re more worried about the actual identity of someone else being stolen.”

HOW TO COMBAT THE TREND

An increasingly digital world invites more fraud, whether through ID theft, innovative phishing scams or other cyber-related activity. Operators tend to agree that fraud has become too complicated and complex to combat on their own. They need help in the form of technology, including intuitive tools to authenticate identity, verify bank account information and substantiate the overall suitability of a potential renter.

“When these solutions are in place, they enable apartment communities to make accurate risk assessments of all their lease applicants,” said Chris Ryan, Experian’s fraud and identity go-to-market lead for North America.

Alexander noted that in addition to utilizing its standard screening provider, Bozzuto utilizes a combination of ID verification and document verification software. But even with all the screening tools in place, she says the manual review process should not be abandoned. For instance, a Bozzuto internal team recently short-circuited approximately 200 potential fraudulent applicants at one community.

“The big goal is to find a full-house solution that doesn’t disrupt the application process or create hurdles for valid

renters or your site teams,” Alexander said. “One that hits the key checkpoints of screening, ID and document verification. Many tech platforms hit one of those but aren’t built into the process, so fraudulent applicants can often bypass some of the checkpoints.”

Bozzuto’s primary objective after uncovering a fraudulent applicant, Alexander said, is to ensure the information surrounding fraudulent applicants is transparent across the portfolio.

Hanover Company also uses a variety of tools, including a product to scan driver’s licenses and several third-party verification services. Chambers noted that an ID verification platform utilized by Hanover has been the most successful in flagging potentially fraudulent items at various checkpoints in the process.

“Don’t think that just because you’re in a submarket that historically has not had a problem—or because you have a superior product type or a stellar onsite team with tried-and-true industry professionals—that something cannot sneak past you,” Chambers said. “Technology might not be the only answer, but it’s certainly part of the equation. At this point in the industry life cycle, you have to have some sort of technology checkpoint.”

INDUSTRY RECOMMENDATIONS

While fraud prevention is key, industry experts agree that any prevention methods should not intrude on the experience of good renters. On the flipside of fraud prevention, Bozzuto uses a credit-reporting agency for positive rent recording. Reputable residents making payments each month receive the benefit of possibly increasing their credit score and strengthening their rental-history profile.

“We have to make sure our teams have the tools—systems, technologies and procedures—that enable them to weed out the fraudulent applicants and create the best possible experience for the qualified applicants,” Alexander said.

Operators agree that augmenting tech with manual practices is a solid tactic, because instances exist when tech won’t catch everything. Chambers said to remain diligent and not fall into the trap of thinking that you have “an amazing manager and she’ll catch everything.”

“Criminals are getting smarter by the day,” Chambers said. “If people used their insight into criminal activity for good instead of evil, the world would truly be a better place.”

In a hypercompetitive industry, it’s not natural to share information. But many believe exceptions can be made when it comes to preventing fraud.

“I think it’s important as leaders that we work together to really dig into how prominently our industry is being affected by fraud and how drastically it has increased over the last few years,” Alexander said.

Paul Willis is a content manager for LinnellTaylor Marketing.

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The Landlord’s Guide to Rent Collection

CONTRIBUTED BY COLORADO REALTY & PROPERTY MANAGEMENT, INC.

There are over 10 million individual landlords in the United States, each with their own methods for rent collection. How a landlord collects rent, what they charge, and how they deal with late payments has to do both with their personal preferences and the laws in their state.

Renting is a great way to earn side money or even a full livable income, but there are many things to consider before you begin looking for tenants. If you have a property you’re interested in renting, you need to understand how rent collection works and what options there are. You’ll also need to know how you plan to handle late fees and related issues.

We’ve compiled some of the most important information about these topics here, so keep reading if you’re ready to begin learning what you’ll need to know.

DETERMINING RENT

Typically, your rent should be between 0.8% and 0.10% of your property’s value. You’ll also want to be aware of what others are charging in your area, as you will have a far harder time finding a tenant if your asking rent is noticeably larger than your competition.

An easy way to compare your prospective rent to the local trends is to visit sites like Zillow. There, you can quickly see common asking prices for properties similar to your own.

You should also note that depending on which state you live in, there may be guidelines for what you can charge. Be sure to check your local laws before finalizing your rent decision, as there could be limits or minimums you need to know about.

Laws for Landlords (www.lawsforlandlords.com) is a resource for landlords and tenants that provides helpful information regarding legislation and the laws affecting landlords, tenants and housing industry professionals.

RENT COLLECTION METHODS

Most landlords accept more than one form of payment. This allows the renter to select which works best for them. Some methods are better than others, but what you decide to use will depend on you.

CASH

While collecting cash takes the wait time out of receiving funds, it has its own downside. These types of payments are difficult to keep track of, and disputes over what was paid and when can easily occur if you don’t have a good system.

On the other hand, you have access to your collected rent instantly and don’t need to worry about bouncing checks or failed deposits. Still, if you are going to accept cash payments, be aware of the ways they could get complicated quickly.

In most cases, we recommend choosing a different method.

DIRECT DEPOSIT

If you choose, your renter can set up direct deposit from their bank account to yours, though there is typically a transaction fee. Just be aware that like checks, this method can bounce when sufficient funds aren’t present.

Direct deposit payments are also not typically immediate, and you may even wait up to a week for your money to arrive in your account.

ONLINE PLATFORMS

This method is ideal if you’re looking for an option that is automated and digital. With online platforms like Rent Merchant and Rent Track, your renters can pay via credit or debit.

By setting up an account through one of these



sites, your renter can view balances on their account. They can also pay, set up an automatic payment, and view any late fees or charges they have.

These sites are safe and fairly easy to use, but they are more tech-involved than cash or check payments.

CHECK

Checks are a classic form of rent payment, and plenty of landlords accept them. Now that many banks have mobile apps that allow for instant digital check deposits, you may not even have to leave your home to cash your renter’s payment.

If you choose to accept checks, just remember that it may take time for funds to clear, and it’s always possible the check will bounce.

PAYMENT SERVICES

Websites and apps like PayPal, Venmo, and Zelle allow you to easily transfer money from person to person.

While these apps may be convenient for your renter, you should know that they aren’t meant to be used as long-term rent payment systems. You may have a hard time viewing payment history, and it can often take a day or two for funds to transfer.

DETERMINE A DUE DATE

Once you’ve determined what your rent is and the payment methods you’ll accept, the next step is determining a due date. Rent is typically due on the day the lease begins, and as most leases begin on the first of the month, this is the most common rent collection date.

LATE FEES AND GRACE PERIODS

Most landlords charge a late fee for rent paid after the set due date. Check to see if landlords can charge late fees in your state, as some prohibit this practice or regulate their max limits. If your state allows late fees, you can now consider your policy.

A late fee policy should include the rate as well as any grace period you may allow. A grace period for rent is the amount of time after the due date a tenant can pay rent without being subject to a late fee, typically 3-5 days.

A standard late fee for rent is 5% of the monthly rent, though luckily most landlords rarely need to charge this.

What you charge and how lenient you’ll be is up

to you. Just be sure to include everything about your grace period and late fee policy in your lease, as charging a late fee without a written agreement can spur legal issues.

It’s important that you be firm and clear about how much rent is and when it’s due. This is the best way to avoid confusion and ensure you get your income on a dependable schedule.

THE BEST RENT SYSTEM FOR YOU

Making the most of your renting property means setting the right prices, finding a reliable rent collection system, and dealing with issues such as late fees. Whatever options you decide to go with, make sure you’re choosing what works best for you and your renters.

By making careful choices, you can easily start your renting venture out on the right foot and avoid a few stumbling blocks.

WANT TO LEARN MORE?

Check out the rest of our site for more information and have a look at our videos designed specifically for landlords. Or, take a look at the rest of our articles. You can access all our content on our website at www.coloradorpm.com.



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How Should Landlord Deal With Gun Fired into Apartment Below?

Continued from Page 1

matter if the shooting was accidental or intentional. However, if intentional you will see a landlord move swiftly to remove the tenant.

Q. I had the police come out and file a report. The officer confirmed that it was a discharged firearm and filed it in the report. The tenants would not answer the door when the officer went up there to address them. However, I gave the officer the tag and car information of the tenants. I subsequently filed a complaint with the leasing office for an immediate termination of the tenants’ lease along with the pictures of the bullet hole, police report and picture of their car and tag.

A. Once the complaint has been delivered to the landlord, the landlord has a duty to investigate and to act accordingly. Regardless of the investigation, the non-shooting tenant has a right to be fearful when a bullet comes through the ceiling. Further, the non-shooting tenant has an absolute right to peaceful and quiet enjoyment of the property. The non-shooting tenant’s peace-and-quiet enjoyment has been obviously shattered and will continue to be shattered as long as the shooting-tenant remains upstairs. I would advise the landlord to evict the shooting-tenant or let the shooting-tenant out of his/her lease in some fashion – but to get rid of the shooting tenant immediately. It is better to lose a little rent, make the downstairs tenant happy, and avoid later liability or lawsuit. Leaving the shooting-tenant in the property puts too much liability on the landlord. And the landlord either knows about this liability, or should know.

The landlord’s attorney should be advising the landlord to remove this shooting tenant. There is ample case law on this issue. In the future, if ANYTHING causing damage by this same shooting-tenant happens to anyone else on the property the landlord is looking at almost a strict liability situation for negligence in letting that shooting-tenant stay on the property. It would be an ugly situation for the landlord. No reasonable landlord wants this situation, and any knowledgeable attorney would so advise their landlord. Any good landlord, in my opinion, will find a way to get rid of the shooting-tenant. I do not know any judge that would allow that tenant to stay even if the discharge was accidental.

Q. Can the leasing office withhold information about what they are doing to address this situation?

A. Yes, at least until the non-shooting tenant files a complaint in court over the matter due to a landlord’s refusal to remove the shooting-tenant. However, a good landlord would do everything they could to keep the non-shooting tenant informed of what is going on, and that landlord should move as quickly as possible to remedy the situation. Constant communication with the non-shooting tenant is key to assuring the non-shooting tenant that the landlord is taking the matter seriously and that they care about the non-shooting tenant. The non-shooting tenant knows the incident itself is not the landlord’s fault. But what happens now is in the landlord’s hands, and everyone in the community is watching.

Q. What are my rights as the victim? I could have been killed had I been in



that room at the time the firearm was discharged.

A. The non-shooter’s rights are woven into my response above. There is nothing that covers this exact situation in the Arizona Residential Landlord and Tenant Act (and that is true of most situations), but 33-1311, 33-1312, 33-1324, 33-1341(7) [for this reason alone the landlord has a duty to remove the shooting-tenant] all apply. It is my opinion that if the landlord does not take action and remove the shooting-tenant that the non-shooting party has a right to damages against the landlord for basically forcing the non-shooting tenant to move to find a safe and peaceful place to live. Landlords are usually not dumb enough to not take care of the non-shooting tenant and to not remove the shooting-tenant.

Dobbins adds, “In the alternative, the landlord may just allow the non-shooting tenant out of the lease. Not the best idea. The moving tenant may want the landlord to pay the cost of moving and other damages, especially if the landlord refuses to remove the shooting-tenant, and the non-shooting tenant may well be entitled to such damages. As a landlord and for my landlord clients

I would rather fight the battle removing the shooting-tenant rather than to fight the possible consequences of leaving the shooting-tenant at the property.

“Under the Arizona landlord and tenant act I would consider it unconscionable to force the non-shooting tenant to remain in his/her lease with the shooting tenant remaining on the property. The landlord may offer to allow the non-shooting tenant to relocate to another unit on the property. I would not accept that as the non-shooting tenant. The purpose of the lease has been frustrated, and the peaceful and quiet enjoyment of the non-shooting tenant has been destroyed. “

Note from the author: I have dealt with these types of matters in the past, and each incident is specific with its own unique set of facts. However, in every instance of a shooting, intentional or accidental, the landlord moved on the shooting party to remove them from the property.

Denny Dobbins is a Mesa, Ariz. attorney who has represented landlords’ issues for more than 30 years.

What Do Tenants Prefer in Single-Family Build-to-Rent?

RENTAL HOUSING JOURNAL

Tenant preferences in the single-family build-for-rent space are now backed up by some solid research from John Burns Real Estate Consulting.

“We now have concrete data to back some of the multi-million dollar decisions that single-family rental developers make,” Burns says.

“Our New Home Trends Institute group surveyed nearly 1,200 single-family renters with rent budgets of \$1,000+ to figure out what matters most in a single-family rental home.

We paired the results with our homeowner survey findings and DesignLens™ database” to come up with our conclusions about tenant preferences, which fall into four major categories:

- Pet decisions
- Room-by-room finish and materials decisions
- Home office decisions
- Amenity decisions

The Burns report says that being pet-friendly is key. “Pet-friendliness is the third-highest ranking reason that single-family renters choose to rent a home over an apartment, falling below a private yard (also important for pets) and having no one living above or below. Thoughtful niches dedicated to pets (like the one at right) are very appreciated by pet owners without alienating those who don’t have pets, since they can use the space for storage.”

DON’T SPEND ON PET SERVICES

Don’t bother offering services like dog

walking for an additional fee. Only 15 percent of renters would even consider opting in. Single-family renters would much prefer paying extra for lawn or interior-maintenance services.

SPEND EXTRA FOR A FABULOUS KITCHEN

Higher quality finishes mean more to tenants, and a great kitchen can make a huge difference for renters choosing a property.

“Premium kitchen finishes and energy-efficient appliances are huge draws for single-family renters, with 42 percent considering them a top influence for choosing a home above others. Don’t forget about ease of cleaning, which is a top pain point among owners and renters alike.”

SPEND LESS ON PREMIUM FLOORING, HEALTHY HOME CERTIFICATIONS, AND SMART TECH

This falls into the “nice to have but not needed to get quality renters” category with which landlords are very familiar. These features ranked at the bottom of the list of draws for single-family renters in the Burns research and they do not sway rental decisions. “That said, we also advise developers to spend extra money on materials that will reduce damage and reduce the work needed to get the home ready for a new tenant.”

DEVOTE MORE LAND TO RELAXATION AMENITIES – NOT SOCIAL ACTIVITIES

Preferences for nature, security, and leisure amenities highlight the fact that



single-family renters want a community in which they can relax. That will influence renters’ decisions on choosing a community. Social events (e.g., concerts or movie nights), community gatherings (e.g., farmers’ markets), and event spaces (e.g., party rooms) were the three lowest-ranking amenity options among single-family renters.

THE HOME-OFFICE REQUIREMENT

“Our recent work-from-home survey finds that 51 percent of full-time employed households plan to work from home next year (38 percent hybrid, 13 percent exclusively from home),” the report says.

The desire for a home office varies by life stage.

Singles or couples can use an extra bedroom for an office, so a dedicated space

for them is not an absolute requirement. However a full office or den matters more for single-family renters with children.

SUMMARY

“Our consulting experts will tell you that each location and development density have nuances to these conclusions, and our DesignLens™ team can share great design ideas for each density configuration and target life stage you are considering.

“If you are interested in learning more from our consultants, our DesignLens™ Director, or our monthly consumer surveys and prestigious design councils, please fill out this form or email Mikaela and one of our team members will get back to you soon,” John Burns Real Estate Consulting says in the report.

Tenants — Like Tools — Take Many Forms

Continued from Page 1

Let’s take a look at some of the types of people you might encounter as you get ready to rent our property.

THE HAMMER

Often you can hear the hammer applicant coming from a mile away. A hammer tenant isn’t necessarily bad and when managed the right way, can be the perfect tenant to get things done. As a hard but effective personality, the hammer tenant can either beat up or fix up your property. As a property owner your management style will directly affect which way the hammer hits. Hit too hard and the hammer will hit even harder back; but sometimes direct conversation can be your best bet. Instead, handle the hammer properly, focus their energy, and provide clear directions and expectations. Use your expertise to anticipate where this type of personality will have issues with you, your property, or the lease. Use their strong personality type to build a great relationship and you’ll be amazed at how often they “hit the nail on the head” and become a great tenant.

THE SAW

You may recognize the saw applicant by their ability to cut to the heart of the matter. This applicant has no time or energy to waste becoming friends with you, they just want to get down to business and get the job done. How does that work with your management style? If you like to become best friend with your tenants, the saw type may challenge you... or they may become your best tenant yet. After all, when looking for a business partner, who better to have than someone who is all business. When working with this type of applicant, it is important to remember to not take things personally, rather understand that business is business. The saw type values paying rent on time, respecting the property, and keeping your relationship transactional. These are all great things when protecting your investment is critical to you.

THE WRENCH

Having a wrench type applicant means one of two things; either they will literally throw a wrench into all your plans, or they will tighten things up and make them stronger than ever



before. There are a few things you can do to help facilitate this personality type into becoming a great fixer for your investment. First, realize they will always be questioning how things are done. Why does your lease include this, why can’t we do that on the property, etc. Being prepared with well thought out answers in advance puts you in a position to react professionally. Second, consider their questions, ideas, and suggestions, not just out of courtesy, but out of curiosity. Why are they asking these questions? Have they had past experiences as a tenant that can make me a better owner? Lastly, assume the best when dealing with the wrench type. Interpret their interest as a positive thing and see them as a beneficial partner rather than a nuisance.

THE MULTI-TOOL

Sometimes you get those applicants that are a mishmash of all the possible personality types. Reluctant to be typecast as any one thing, they truly represent the multi-tool with many facets, functions, and features. Although they may be difficult to categorize, and even more difficult to manage, I actually love working with this type of applicant. Think of the countless ways you can connect with someone like this. Every good baseball team needs a utility player who can cover many positions, and that is exactly what the multi-tool applicant brings to your rental business relationship. Need someone to challenge you? Someone to quickly get down to business? Someone to make you think more deeply about your business? Check, check and check! The multi-tool tenant has the potential to challenge you and help develop

you into the best owner You Can Be.

THE WRECKING BALL

Although I doubt any of us have a wrecking ball in our garage, this type of applicant is the one to avoid. They are wired to destroy anything in their path. Often playing the toxic victim, they will bad mouth past landlords, challenge you on every front, hesitate or refuse to provide you information and give you every reason not to trust them. Run!!!

With all this talk of tools, it’s equally important that you also implement the other critical landlord-specific tools of background screening, consistent criteria, and online rental collections into your daily business practices. Regardless of the “tool type” your tenant turns out to be, if you examine your business and make a goal to get organized, you will be ready for anyone that walks through the door. By viewing each applicant as a tool with the potential to make you a better landlord and investor, you can see them positively for the good they bring to your life, and not just as another tool you can shelve, use, or throw away.

Scot Aubrey is Vice-President of Rent Perfect, a private investigator, and fellow landlord who manages short-term rentals. Subscribe to the weekly Rent Perfect Podcast (available on YouTube, Spotify, and Apple Podcasts) to stay up to date on the latest industry news and for expert tips on how to manage your properties.

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