

Title:

Becoming A Landlord: Things To Consider First

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Summary:

Being a landlord is certainly a great way to make more money in the real estate business, because as a landowner who can also generate income through rental and lease agreements, you can often increase your earning power significantly.

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Article Body:

Being a landlord is certainly a great way to make more money in the real estate business, because as a landowner who can also generate income through rental and lease agreements, you can often increase your earning power significantly. Not only do successful landlords make money from rent; they also gain from increases in the equity value of their properties. And there are tax incentives for landlords, to make such things as repairs deductible as business expenses.

Before venturing into the business of owning and leasing property, be aware that sometimes the role of a landlord can be a full time job - and it will always constitute at least a serious part time job that requires your undivided attention several hours or more each week or month. Emergencies happen and your tenants need to call you - or your representative - at any hour of the day, even on holidays and weekends, to get help. Sometimes tenants don't pay, and you have to become a bill collector or deal with the local authorities to have tenants evicted from your building. And there are times when you have to do routine chores like painting fences and cutting the grass. So unless you enjoy this kind of nonstop responsibility, you may want to look into the possibility of delegating some or all of the landlord tasks to another person or organization.

There are many ways to assume the job of landlord. Many real estate investors assign the entire responsibility to a property management company that specializes in providing services to owners who don't have the time or the desire to be day-to-day landlords. A management company can handle things such as handyman repairs, rent billing and collection, tenant complaints, maintenance of insurance coverage, exterior landscaping, interior maid service and cleaning, replacement of old or damaged furniture and appliances, and advertising for new

tenants. In exchange for these services, the management company will be paid, usually as a percentage of the income produced by the property. For example, a company might charge you one month's rent each year, to oversee the rent of a single-family house.

Another common approach is to appoint a tenant to assume some of the duties of the landlord, in exchange for reduced or free rent. If you have an apartment building, for instance, and there is a police officer living in one of your units, you could agree to give the officer one week of free rent each month, in exchange for keeping an eye on the premises when you are away. Or you could give free rent to a tenant who agreed to maintain the landscaping and make sure that garbage collection is done on a routine basis.

Before becoming a landlord, make a list of the duties involved. Then decide which ones you want to do, and which ones you would rather hand off to someone else. You may find that striking a comfortable balance between doing some on your own and delegating the rest to others is a great way to be a landlord without letting the responsibility overwhelm you.