

The Homeowner's Guide:

What to do When Your Home Won't Sell

Introduction

Trying to sell your home can be a long, exhausting, and stressful process.

If, after a good chunk of time, your home doesn't seem to be selling, that adds a whole new level of concern to your plate.

If you find yourself in this situation, don't despair. You have a very viable, alternative option that you may or may not have thought about. That alternative is to rent your home!

You may be thinking that becoming a Landlord sounds daunting and that it will be too much work. Or maybe you just don't see the benefit of turning your personal residence into a rental property.

Keep an open mind.

By the end of this book, you'll have a full understanding of what it means to be a Landlord and be able to make an educated decision on whether or not renting your home is right for you.

You can Have Your Cake and Eat it Too

The first thing you're probably wondering is:

"Can I try to rent and sell my home at the same time?"

And the answer is YES.

Simultaneously trying to rent and sell your home gives you double the chances of receiving some income and takes some of the pressure off of you to make a decision.

Whichever one happens first is the winner.

How to Convert Your Primary Residence into a Rental Property

So, you're thinking about transitioning your personal residence into a rental property.

Whatever the case, renting out your home comes with a lot of potential benefits, but it's also a decision you need to make after understanding exactly what it means to be a Landlord.

How you prepare your home for rent - transitioning it from your personal residence to a highly-attractive, high-performing rental property - is one of the first steps.

You should view becoming a Landlord as a business, and it's important to prepare your product - your home - the right way. The old adage of "It's just a rental home" is a dangerous mentality to have.

We are in a new age of rental property management, and today's Tenants demand a quality home that's prepared the right way.

Let's look at 7 ways to best prepare your home for rent.

Keys to Making Your Home a Rock Star Rental

1. Remove all of your personal belongings - Unless specifically noted and agreed upon by your future Tenant, remove all of your personal items from the home. Single family rental homes in Central Indiana are almost never furnished.

In 999 out of 1,000 cases, Tenants will have their own furnishings and won't be interested in using yours. And no, they probably aren't interested in using the rusty grill on the deck, either.

2. Address any known maintenance issues - If you know something doesn't work, fix it. Nothing will frustrate your Tenant more than moving into a home with multiple maintenance issues.

Things you've "learned to live with" - doors that won't latch properly, a stove burner that continually acts up - should be addressed before the Tenant takes possession.

Keys to Making Your Home a Rock Star Rental

3. Painting - The walls should be clean and the paint consistent, free of nail holes or other defects. In addition, neutral colors are your safest bet. A lot of Landlords feel like flat paint is the best route, but remember that flat paint is almost impossible to clean. An eggshell or similar sheen is sometimes a better choice.

4. House cleaning - A thorough and professional (yes, professional) house cleaning is essential BEFORE you go to market. Clean houses show better and will attract a higher quality Tenant. The Tenant will also be more willing to clean the property at move-out if they receive a clean property at move-in. So, it's a win-win.

5. Carpet Cleaning - A trunk-mounted steam cleaner will do the trick. Avoid Rug Doctors and other rental cleaners. In your Lease, require the Tenants to do the same at move-out.

Keys to Making Your Home a Rock Star Rental

6. Final Cleaning - Inevitably, the home will need a final touch-up clean immediately before the Tenants take possession. The home will get a little dirty with all the showing activity you'll generate. This shouldn't cost much, but will definitely set a great stage for your Tenant at move-in.

7. Keys - Have several copies of keys made for your Tenant, and be sure to have multiple keys yourself in case you need to provide one or more to Vendors. If you have different keys for different locks, consider having them all keyed alike. It will make your life, and your Tenant's life, a whole lot easier.



Why Property Preparation is Important

All this work may seem like a lot. But again, it's important to remember that you are entering in a business. It's important that your customers (the Tenants) are satisfied with the product (the home) for many reasons, including:

Supply/Demand - Renters are attentive and choosy because of the increased availability of rental homes in Central Indiana. In fact, there are more rental properties in Indianapolis than ever before. Tenants simply have a lot to pick from, so it's imperative to present an attractive product.

Higher Rents/Better Tenants - Tenants will pay more for a desirable home. Most Tenants won't even consider a home that's dirty or in obvious need of repair.

Simply put, good homes draw good Tenants who are willing to pay top dollar. Unattractive homes draw unattractive Tenants who probably can't afford to live there.

Why Property Preparation is Important

Shorter Vacancy - As we've mentioned many, many times, nothing will kill your cashflow like vacancy. Days on Market - how long it takes to rent your home - has a direct impact on your bottom line.

The better your home looks, the faster it will rent, and the more profitable your business will become.

Higher Renewal Rates - While renewals will generally be dictated on how well you actually manage the home, providing a quality rental home at the outset will go a long way making your Tenant happy.

Happy Tenants tend to renew, which is every Landlord's goal.

Again, you are entering into a business. If you are willing to prepare your home the right way, running this business will be easier and more profitable for you.

How Much Rent to Charge

Pricing is very important. You want to ensure that you don't price it too high, or the home will sit on the market; and you certainly don't want to price it too low, and leave money on the table.

First, no matter what method you use to determine your property's rent rate, make sure you compare apples to apples. In the real estate industry, this is simply referred to as a Comparative Market Analysis, or a CMA.

There are a few factors to consider when determining the optimal rent price:

Location: Yes, real estate is about location, location, location.

Same holds true for rental properties.



Try to compare your properties to others very close to yours. You don't want to go way outside your area when looking for comparable rents.

How Much Rent to Charge

Bedroom/Bath Counts: This is important as well.

In rental properties, it's more important than even square footage. Tenants will pay more for 3 bedrooms than 2 bedrooms and more for 4 bedroom than 3 bedrooms.

Amenities: You'll also want to take into account the amenities that you either offer or don't offer. Examples of this could be garage size, type of appliances offered, or the finish level of the homes.



What if a Tenant Destroys Your Home?

This is probably one of the scariest possible case scenarios running through your mind.

It's a certainly an understandable question. Most people, who are new to our industry, have probably only heard the horror stories out there. Yes, Tenants can do a lot of damage to properties, but I can assure you, from our own experience, that it's not common.

And while there are no guarantees, there are some steps you can take to help ensure your Tenant doesn't destroy your property.

1. Proper Screening – Above everything else, placing a highly qualified, well-screened Tenant is the number one way to ensure your property is taken care of.

Past performance is the best indicator of future performance, so if you do a good job of screening, the chances that your Tenant will destroy your house should be minimal.

Preventing Disaster

2. Collect a Deposit – Never rent a home without collecting a deposit. Even very careful Tenants can do inadvertent damage, so you need to have a security deposit in case the Tenant does damages above normal wear & tear.

3. Property Visits – Finally, visiting the property is obviously a good way to ensure your Tenants are maintaining the property. I would never suggest renewing a Lease, for example, without making a site visit. In addition, tell your Vendors to notify you of any concerns or lease violations that may be occurring. Using Vendors is a great way to keep tabs on the property without having to physical visit it.

So, again, while there are no guarantees, taking a few precautions, should give you a very good chance of having a successful Tenancy.



How to React if Money is Owed

Now, if a Tenant does leave the property in bad shape, and there is not enough deposit on file to cover all the damages, there are certain steps you can take to help recover the money due to you.

1. Document the Move-In.: It's important that you have a document, signed by both you and the Tenant, that captures the condition of the home at move-in.

2. Document the Move-Out: In addition, you must document, via photos, the damage that was done at move-out.

3. Serve your 45-day letter: In Indiana, you must send the Tenant a 45-day letter if you keep any part of the deposit for physical damages. The letter must explain why, specifically, you kept the deposit. In that letter, if money is owed to you, you should also request payment within a certain time frame.

How to React if Money is Owed

4. File a Claim: If the Tenant fails to respond to you, and you feel like the money owed to use is worth pursuing, the next step is to file a claim against the Tenant. I strongly suggest hiring an attorney to do this. At the hearing, the photo evidence will be very important.

5. Hire a Collection Company: Once you have a judgment, you may then need to hire a collection company to begin collecting the money. This can be done via a wage garnishment, or the Tenant may agree to begin making payments.

Again, while it's not overly common for Tenants to destroy your home, there are certain things you can do both proactively to help ensure a successful tenancy and then steps you can take on the back-end of things if you need to collect money.



Should You Hire a Property Manager?

Should everyone hire a Property Management Company?

Absolutely not.

In fact, the vast majority of rental homes in the United States, as high as 70%, are self-managed.

But, since you were kind of forced into this situation, you may not want to deal with the day to day duties of managing your home as a rental property.

Next we'll discuss 4 reasons why you may need to hire a Property Management Company

1. If You Don't Have Time

If you are going to manage a property on your own, you need to treat it like a business. Running any successful business takes time. For example, when you market the home for rent, are you able to respond to people - quickly - when a prospect wants to see the home?

After that, are you able to show the home to prospects? Showing properties can take a lot of time, and prospects generally want to see the home during off-hours, like evenings and weekends.



2. If You Aren't Committed

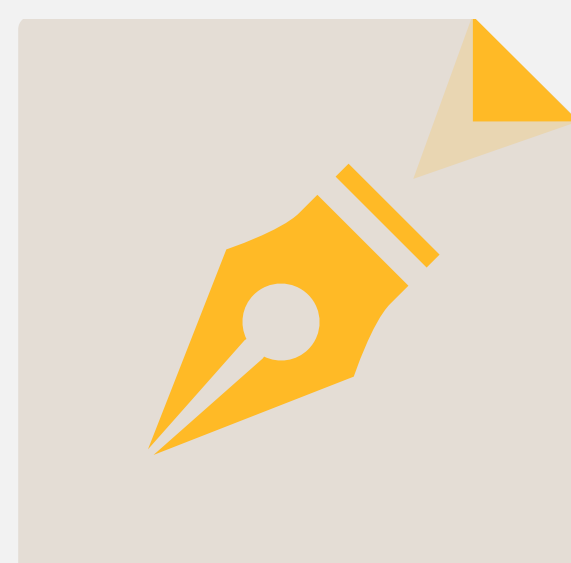
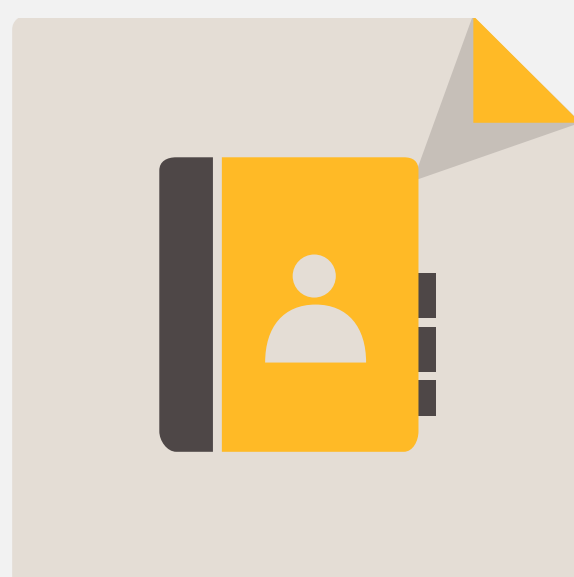
Running a successful rental business, even if you have just one home, takes commitment.

Are you committed to finding the best possible Tenant? If so, be sure you can screen that Tenant correctly.

You should never just lease a property because you had a “good feeling” about a prospect.

Are you committed to investing in an attorney to draft a very good lease that will address all key parts of a Landlord-Tenant relationship and be in compliance with all state and local ordinances?

It's easy to Google a lease, but you'll need commitment to ensure you have the correct lease.



3. If You Don't Have Knowledge

A lot of do-it-yourselfers think it can be very easy to lease and manage a home. And, honestly, if everything works really well, it can be a pretty painless process.

However, when things go wrong, you'll need to have the knowledge, or employ someone who does, to remedy the situation.

For example, you'll want to have good contact with contractors who can address all possible repairs to your home. And you'll definitely want to have an attorney that you can consult when legal issues arise.



4. If You Don't Need Control

Finally, if you are someone who doesn't really need to control situations, and don't have a hard time letting go at times, you would probably work well with a Property Manager.

A well-organized management company won't involve you in some decisions about the property so just make sure you don't have a problem with that.

Property Managers can add tremendous value to your rental property and take some of the stress out of being a Landlord.



Conclusion

Would You Like to Work with A Property Management Company?

We are trusted local real estate experts: Our staff has over 125 years of combined experience, and you can be confident that there is no property management staff in Central Indiana that knows rental real estate better than we do.

We know how to maximize your asset: Our team has developed an expansive rental marketing program with up to date comparables of what homes have rented for in your area. We know the market very well and we're satisfied that we can get top dollar for your asset.

Generally speaking, we rent homes three weeks faster than our combined competition.

That means you get someone in your property faster and you start making money quicker, getting a better return on your asset.

Would You Like to Work with A Property Management Company?

We know how to safeguard your property: There are a variety of programs we use to protect and maintain the property. We have a 24/7 maintenance capability and online portals for tenants to report repairs that are needed. When you work with us, you have access to the great system that's in place to protect your home before a tenant moves in, during a tenancy and after the tenant vacates.

We communicate well: This may seem simple, but I talk to property owners every week who are disgruntled with their current management company because they can't get anyone to respond to emails, voicemails or both. We have systems in place to ensure we communicate with you in timely manner.

Finally, we are more than a property management company. We are also a full service real estate company. **We can help you pick up additional investments or help you sell the property when the time is right.**

Contact Us!

T&H Realty Services, Inc.

317-255-7767

jeremy@threaltyinc.com

www.threaltyinc.com

**760 East 52nd. Street,
Indianapolis, IN, 46227**