

# Compass Realty Management Group

*Pointing your investments in the right direction*



Next Month's Newsletter:

Treat Your Rental Property as a Business

## Compass Realty Management

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## We are here for you!

We provide you with professional management services for residential properties throughout the metro Atlanta area. Our business focus is to care for each individual customer and cater to their individual needs in order to deliver the highest level of personalized service at a minimal cost. Our caring Attitude and commitment to the highest standards of integrity will keep us in the forefront of the industry and will always be the focus of our property management services. We are detail oriented and leave nothing to chance ensuring that we uphold your best interest well into the

## Inheriting the Tenant

When an investor purchases a property with an existing tenant, the first thoughts are that rent will immediately come in and there will not be a vacancy. This means initially avoiding higher maintenance costs, leasing fees, and advertising costs. Of course, everyone hopes this is the ideal tenant and the rental agreement has all the best terms, but in many cases, inheriting the tenant with the property may not necessarily be an advantage. There are different scenarios that can happen.

### Review the Rental Agreement

The first thing we do is determine what the tenant's rental agreement contains. Is it a lease or a month-to-month tenancy? If it is a lease, then how long a period before the lease ends? What terms are contained in the agreement? Is the rent too low? Does the rental agreement contain the legal requirements to protect the property owner - for example, does the property require a lead based paint addendum? Reviewing the lease first will determine if you can raise the rent, remove the tenant, and/or change or add any necessary terms.

## Reviewing the Tenancy

Next, it is time to review the overall tenancy. Could it cost more in the long haul to keep this tenant?

Whether the tenant is or is not on a lease, determining the quality of the tenancy is important even if you have to wait to give a notice or change of terms because there is a lease.

-Does the tenant take care of the property? If the answer is no, keeping this tenant is costly to the investment; the property will only deteriorate over time and maintenance costs will be higher.

-Does the tenant pay on time? Poor payment history often leads to legal problems. This may take a few months to determine if the former has not given the most accurate picture of the tenant's rental history. When a tenant does not pay on time after receiving timely notices to quit, they rarely change their spots and will continue to be a payment problem. It is better to move on to a better tenant as soon as possible.

-Will increasing the rent to the current market cause serious tenant problems?

-Does the property need renovations requiring vacating the tenant to do them properly? Attempting to perform major maintenance while a tenant lives in a property can be more costly and can create other landlord/tenant issues.

## Make a Plan

Once the status of the tenancy is determined, it is time to create a plan of action. If keeping the tenant is not a favorable decision and there is no long-term lease or the lease is shortly coming due, do not procrastinate - it is time to give the tenant a reasonable notice to vacate. The concern here may be that this will create legal problems. If this is a poor tenant, chances are legal problems, property damage,

or security deposit dispute will happen anyway. If it has been determined that the lease prevents an immediate notice, then discuss a plan with your manager when to implement this action.

It may be that keeping the tenant is the best course of action, but changing any term of the tenancy, particularly rent, can cause a vacancy. If there is going to be a rent increase, be sure that the property maintenance is current, the increase is reasonable, that proper notice is given, and that all lines of communication are open. Most tenants are already afraid of what will happen when a new owner takes over. It is advisable to have the tenant sign a new lease and this can be tricky if there is to be an increase in rent. Move cautiously if the tenant is worthwhile keeping.

Remember - if you do buy a property with an existing tenant, the property is an investment but this is also the tenant's current home. The tenant is a key factor to how well your investment performs, but if they are not the right tenant for the property or the terms are not right for the investment, it is important to make necessary changes. Discuss your options with us to develop a plan of action.



## Our Services

- Full-service residential property management
- Aggressive rent collection
- Technology driven company
- Extensive advertising/marketing of vacancies
- Competitive rental/leasing rents and rates
- Friendly, efficient full-time office staff
- Year end - tax ready summary statement
- Easy-to-read computerized monthly financial owner statements/reports
- Access to reliable, licensed and insured maintenance contractors
- Supervise/coordinate maintenance
- Thorough tenant screening
- Administer legal proceedings, if necessary
- Cooperate with Real Estate agents
- 24 hour/7 days a week availability for emergencies
- Digital photographs of available rentals on our website

## Announcements

**Check Your Insurance:** Events can happen - flood, extreme heat, hurricanes, fire, and more! It is important to check your insurance to obtain the best coverage possible and ensure that it is current. Review now with your insurance agent before a disaster/emergency occurs.

**If An Emergency Occurs:** Our first priority during any emergency is to handle the situation, taking any necessary measures for the safety of your property and your tenants. Then, we will contact you as soon as we are able.



