

## **Looking Inside Your Tenant's Mind**

### **Basic Mind-Reading Report 101 for Landlords**

This report will give you perspective and understanding in the realm of your tenant's mindsets and Modus of Operandi. It's looking at their situation from their point of view as well as your own.

It goes without saying but I will say it anyway. The better you understand your tenants and their personal situation, the better you can serve their needs and your own. Notice that your needs come after your tenants. Always put your tenants' needs before your own and they will buy real estate for you in return. That's a fair trade. Take it!

Many cold-hearted, self-serving, money-grudging, wanna-be landlords don't understand human nature. Let me tell you right now, if you can't put yourself in another person's shoes and see a problem from that person's perspective with empathy, you will fail miserably in the "land lording" business and in life. Wise up!

Fear not. If you're not quite sure what I'm talking about, here come the stories and details of how to be loved and adored by those kind people called tenants.

Let me first dispel the horror stories about land lording. If you follow my advice and teachings, you should have very few tales of woe to tell. You've heard the stories and they sound like this: Those damn lowlife tenants. They trashed our house, they disturbed the neighbors, they ruined our lawn, they were filthy pigs who never paid the rent on time, they never did what we told them to do and it cost us a fortune to get rid of them and repair our investment once they finally did move.

Well, guess whose fault that is. Yep, it is completely and unequivocally the fault of the so-called person that is calling themselves a landlord. The real name for this type of so-called landlord is uneducated dummy and because of these lazy fools the whole industry gets a bad rap!

There is a plus side to the scenario above and that is this: It sets up a perfect opportunity for you to do the exact opposite of the fools and create for yourself an unlimited market supply of excellent trouble-free tenants for life!

Tenants, believe it or not, are human beings. They are not animals or things to be mistreated, abused or taken advantage of. If you will prepare your rentals as if your mother was going to be moving in, your mindset would be realigned in short order. In effect, you will start looking at it from a compassionate point of view. You will not cut corners. You won't let things go that need fixing.

You will use more care, skill and diligence in preparing that dwelling for another decent human being to begin calling home. That's what you want to achieve.

You want to provide a trouble-free, pleasurable, aesthetically pleasing, creature comfortable, needs fulfilling, safe, secure, affordable and convenient place to live. When you provide those things and screen the population, it's like striking gold.

The process of getting good tenants begins in your mind. By that, I mean you have to educate yourself to be able to recognize value and acquire properties that are structurally sound, aesthetically pleasing, physically functional and provide safety, security, affordability, convenience and a feeling of pride in your tenant's mind.

Sounds like a daunting task, doesn't it? Well it's not. In fact it is so simple to achieve that once you understand the process you won't even have to think about it. It will come naturally to you. I promise you that this is true and I intend to prove it to you as well.

I absolutely guarantee that you can do it. So for now, just take my word for it as being a fact, because it is. Here's an example of using a motto to align your thought process in relation to all the things I just said. Repeat the following:

***Landlord's Creed***  
***I vow never to rent to someone else,***  
***something that I myself would not be happy living in.***  
***Mansions not included!***

Now apply that to every prospective property that you evaluate as a potential rental property investment. Human nature is immutable. We all have basic needs, wants, desires and expectations that include fear. When you remove fear and provide comfort and security, you will own your market.

So what you first have to do before you can be a great landlord is to find great places to rent to other people. I explain how to do this in the book at [www.magicbullets.com](http://www.magicbullets.com), so I won't go into it here.

The screening process is also outlined in that book as well. I will hit upon a few things that weren't touched upon already in the processes in the main body of the book, so here are a few nuggets for you now.

The following observations are done after you have already performed the formal screening procedures. I'm rushing you up to the day that your face-to-face meeting occurs with the tenants who have passed your telephone interviews and have succeeded in getting an appointment with you to see your wonderful rental.

Now, here are some things that your uneducated dummy-type landlords can't begin to recognize, plan for or evaluate when it does appear before their very eyes.

As soon as your potential renter shows up to view your property, take note of the time. Are they on time? Can they keep their first promise to you? Can they follow directions? If their late, did they get lost? I'm sure you gave them good directions and also used landmarks like churches, stores or monuments, so they could find you easily. If they can't follow simple directions, do you think a lease agreement and those directions are going to be any easier? No, they are harder to follow.

O.K. They showed up on time. This says they respect your time, are able to follow directions and are serious about finding a nice place to live. How did they arrive, on foot, by bike, bus, cab, truck, motorcycle or tractor-trailer? Preferably they arrived in a clean, well-kept passenger car that is in a clean condition.

Now who was driving the vehicle? If it's a couple are they both going to be renting or is your tenant without wheels. Let's assume your prospect drives up in their own car. It runs fine so you won't have cars on blocks and a parts yard for a front lawn in six months when they buy more cheap junk to get around with.

So the car looks O.K. on the outside but how about the interior of the car? Do they smoke and have smashed down McDonalds bags pushed so far into the floorboards that it now resembles carpet? Does this vehicle look like a home on wheels, with garbage bags filled with clothes, a crying baby and a cat in the back window? Watch out if you see this type of telltale evidence. I don't think I need to paint the picture of what will result if you miss this investigative step.

Pickup trucks with camper-shells can also be loaded to the gunnels with personal effects, including small zoo animals. I encourage you to get a look back there, too!

The bottom line here is people will generally treat your property the way they treat their own, if you're lucky! So see how they've done with their own stuff up to this point and choose wisely based on intuition, gut-feeling and physical evidence.

So the car inspection is over now. How are the appearances of the folks? Are they clean and well groomed? Do they seem to fit the profile of what you had envisioned over the phone interviews or are they 180 degrees out? Have they successfully fooled you or deceived you into believing something else up to this point? Now that they have appeared before you, is it blatantly evident that these persons are con artists?

If you get an uneasy feeling within the first few minutes of meeting these people, don't brush it off as just some crazy thought. That's your self-preservation instinct operating and you better listen to it. The book, Magic Bullets will help to protect you, so do not fear. Use this information to protect yourself from the events that lead to horror stories. Don't give it another thought. Let's get on with our interview, shall we?

So far they are on time. They have a good clean car and they appear to be honest and decent people who indeed do give you the same impression you developed over the phone. In fact, these people are really more than you expected. Yes, if you've done it right, that will often be your experience and it is almost always a pleasure and privilege to rent to such high quality individuals.

Have you noticed something about the process here? There has been no mention of race, religion, national origin, sex, age or marital status. That is discrimination based on federally protected human rights and it's against the law to discriminate on those issues. This includes the handicapped and a few others groups I may have overlooked.

My point is simply this: If they meet all the criteria that makes for a good quality tenant, than you would be ruling out a potentially excellent long-term tenant based on preconceived notions and that is dummy land lording in the first degree! **So don't discriminate on basic human rights issues.**

So many people screw this process up. They also make mistakes by choosing management companies to do this highly developed type of intuitive researched and planned-for event. I honestly know of no management companies who can be as thorough as an owner who takes the time to protect their own interests in this way.

I don't care how much management companies protest about the above statement. The fact of the matter is, they are not you, so they can never find a tenant that satisfies your own personal preferences the way you can.

I like to personally screen potential tenants because in all cases, I have total control and that's what real estate is all about – **control!**

Think of the opposite of control. That would be the stock market for the small investor. The way I see it, I don't want to be on the sidelines rooting for someone else to make money for me or more often, hoping they don't lose it, steal it or mismanage it to my certain demise.

With the way I approach real estate, it is a 100% guarantee every single time that I am going to outsmart, outwit, outperform, over deliver and under promise to the point that I crush my competition. I am in a league of my own.

My tenants are the winners and they know it, too. What kind of loyalty do you think develops in the minds' of people that look to me for protection? It stands as a testimony and irrefutable, self-evident, empirical fact that I care enough about the people who have entrusted me with their welfare, their time, their money and their trust to deliver on my promises. My tenants don't move. They either pass away due to old age or they end up buying it from me when I want to sell it. It happens that way all the time.

So think again when you hear a dummy landlord talking about all the trouble they had and then ask yourself one question. Did they read Magic Bullets before they became a landlord? It's 100% certain they did not. If they had, then their tenants would have loved them and paid for their real estate time and again, and made them rich beyond their wildest expectations...

Snap out of it! Hey, are you with me? OK, your back. Good let's get back to reality here. What I do works and the only thing about land lording I don't like is cashing all those darned checks. I'm not kidding. Bank tellers look at you like your some kind of thief because you have so many checks to cash.

Here are a few things that you won't find out unless you have been around a while but I'm going to save you from the pain of learning the hard way. Now of course you're going to do everything right by following my advice in real estate but there are a lot of things I don't know. Yes, I admit it. I don't know everything but I do know what I'm going to tell you about next and that is...drum roll, please! Watch out for real estate investment property that comes with existing tenants! Here's why. In general, the new owner takes the property subject to the existing lease and rights of the tenant or tenants. Most often, whatever existing lease or rental agreement that was made with the previous owner will remain in effect.

What could happen if you don't thoroughly review existing tenants lease agreements? What if the previous owner rented a unit to his good-for-nothing, drug-addicted brother for \$1.00 a month for the next five years? That's a valid lease. You may take them to court for misrepresentation but it's going to cost you lost rent, lost sleep and maybe your safety.

Anyway, that's an extreme example of an intentionally designed below-market rent lease agreement but it illustrates my point. Here's another. Let's say you're getting a great deal and you buy it, and find out the reason the owner sold it to you was because the tenants were very difficult and had him over a barrel. And all the while, they are paying lower than average rents and complaining about everything. Now you get them and you can't raise the rent and they refuse to move. Here comes your eviction lawyer and you have attorney's fees and more lost rent to boot.

My point is this: Make the **seller** get rid of bad tenants before you close on the deal. Do a pre-closing inspection and personally walk through the empty apartment, house, condo, trailer or doghouse yourself. Bring extra locks or call a locksmith and have the locks changed the day before closing. An honest seller will not have a problem with that so long as the title company holds those keys until your check is accepted at the closing table.

The lesson here is it's always better to install your own tenants because you control the process from start to finish. **Don't follow a dummy landlord or by default, you could be a dummy, too!**

Remember this too: When you install new tenants, you are generally going to get a higher rent from the property because inflation creeps along and landlords have a hard time raising rents on people. I have seen 10-15 year long-term tenants paying the same price for 15 years. You will go broke if you let that happen.

Adjust your rents accordingly every time you fill a vacant unit and if people want to renew their leases, then inform them of an economic reality that currently exists called inflation, and you are just keeping up with it! The Annual Consumer Price Index may be used as a reference. If they don't understand, they have an option and that would be to go look for a similar rental to yours at a lower price. If you have followed my advice, this elusive lower rental price will not be found and your tenants will be grateful to you for renting out such a clean place at the new price-adjusted rate.

There is a lot of a garbage held out for rent and prices may be lower, but no one wants to live in a pigsty with lime green shag carpet and Brady Bunch orange counter tops, where the roaches tell **you** what to do.

So the lesson here: Encourage balking tenants to find something comparable to yours at a lower price. If they find it, let them go. Odds are, they won't. After all I told you, it's often next to impossible, if you're a hands-on owner. There is no 10% fee to management companies either. So you can even ask 5% less than investors who use professional management to do their job. So many ways to slaughter your competition...so little time!

Dan Auito is a dual-licensed real estate agent and appraisal assistant. Founder of a non-profit drug prevention corporation, a real estate consulting group and is the author of "Magic Bullets Real Estate." This 300-page power-packed book (due out in Mid July 2004) comes with a website that further supports its readers. Please visit with the family at [www.magicbullets.com](http://www.magicbullets.com) we look forward to seeing you!