**The 7 Dirty Truths about Landlording**

The following are 5 truths every landlord faces. They aren’t pretty, but it’s necessary to let you all know what to expect, so let’s get into it!

**1. It’s a Business, not a Hobby**

You need to treat a Real Estate investment as a business, not a hobby.

If Real Estate is just a hobby for you, please skip this article.  If you have a hard time looking out for yourself, do not become a landlord, skip this article.

Part of earning money in Real Estate is making the unpopular decisions that can make your life miserable in the short run, but better in the long run.  And when you make these decisions, you often make your tenants life exponentially more difficult than yours. Sometimes you have to ‘pull the plug’ on a tenant, and that is often a difficult decision.  Once plug has been pulled, you have transferred the agony to someone else. If you do not make these important decisions, you could go broke yourself.

Your eventual distress will be far greater than any tenant discomfort that is caused in the short run.  Your distress will go on for years, as you recover your credit score and lost investments.

Some landlords hire a property manager to make or carry out the decisions for them.  They can remain faceless, hiding behind a property manager façade, and do the dirty work but not actually feel it.  Make no mistake, you are just as much a part of the tenants misery as the PM is, you are just insulated by them.  Taking the cowards way out does not make you any less a part of the tenant’s agony.  And management companies are 1. Expensive and 2. Uncaring about cost.

You are not in the real estate game to provide housing to others; you are in the real estate game to make money.  Providing housing is how you make the money, not the purpose of your business.

**2. Making Decisions on Tenant Applications**

When a tenant applies for your unit, you have to make the decision to accept or reject them.

Solid tenants can go anywhere.  Marginal tenants have to look at many places before they are accepted.  You want solid tenants.  I have had tenants cry over the phone when they are telling me how they need a place to live.  It may have been a medical issue, a criminal issue, or a bad marriage issue that caused their situation.  Regardless of the cause, they always say it was not their fault.

The marginal tenant will have poor credit, low income, criminal issues, evictions or even other events in their past.  The marginal tenant “just needs a chance”.  They may be trying to find a place for a family relative, but yet they do not offer their own couch for the relative.  It may have been a “one time stupid mistake” that the tenant made and got caught.  It may have been a result of “foolish decisions they made when they were young”.

Your own life is better off with a more solid tenant.

**You decline tenants to avoid longer term misery for yourself, and so you can make more money.**

**3. Evicting Tenants**

When you file an eviction, you make your tenants life extremely difficult.

You are taking away their home, and getting back your property.  It may be because the tenant did not pay rent or many other reasons they need to go, but they have to move regardless.  Moving is costly for them, and an eviction on their record makes it more difficult for them to get a new place.  It is a scar on their rental record.

It may well be necessary, and you suffer too, but your tenant’s will suffer more.

**You evict tenants, to avoid longer term misery for yourself, and so you can make more money.**

**4. Forced Move Outs**

When you do not renew a lease, it is nearly like an eviction for a tenant.

Maybe you may want to move into the home you were renting yourself.  Maybe you want to sell the property and decide it is better selling a vacant place.  Maybe the tenants were a real hassle, and you want to avoid the expense of an eviction.  Maybe your tenants in a multifamily have had issues that caused your other tenants to move out.

You may be remodeling to get higher rents, and there is no good way to do it with the tenants in place.  I have had to move good people out, as they were no longer compatible with the longer term direction of my properties.  I recently terminated a 7+ year tenant that has always paid rent.

**You force out tenants, to avoid longer term misery for yourself, and so you can make more money.**

**5. Raising Rents on Your Tenants**

Taxes go up, utilities go up, insurance goes up, office expenses go up, and your standard of living goes up.

All of these mean you need to charge more for your rental unit.  Their income may be stagnant, or even decreased.  They might have gotten a new job and are working fewer hours, and making less money.  Their employer might have initiated higher co-payments for insurance, and their net pay is smaller.  Or perhaps they could not work as much because they were sick, and did not have enough paid sick days or vacation to get them by.

I have had to raise rents on tenants that could barely afford their current rent, let alone the higher rent.

**You increase rents on tenants, to avoid longer term misery for yourself, and so you can make more money.**

**6. Saying No to a Tenant’s Pet(s)**

If you have been a landlord anytime at all, you have had to deal with tenants pets.

Most often, you know about the pets coming in, but not always.  Sometimes a “lab mix” turns out to a purebred pit bull.  Or you happen to notice a new puppy in a place you do not allow pets.  After about two hours, a renter becomes permanently emotionally attached to a puppy.

But the pet cannot stay; you need to make your tenant get rid of it.  Your insurance company may demand it.  When you force a tenant to get rid of a pet, you are forcing them to get rid of one of their most cherished things in their life.  But you do it anyway.

**You require the tenants to give up their best friend, to avoid longer term misery for yourself, and so you can make more money.**

**7. In the End, Real Estate is all about Money**

A landlord is a business owner.  As a business owner, you are required to make the tough decisions.

That is life. You and your tenants need to know it is not personal; the decision is simply about making more money – for you.  You can use this money so you can live better, even if the tenant is worse off than before your decision.  Making money in real estate provides jobs and incentives to continue the process of making money.