

The background features a dark blue gradient with various technical diagrams, including circular gauges with numerical scales (e.g., 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, 260) and circular arrows, suggesting a focus on engineering or data analysis.

MORE PROFIT, LESS HASSLE: HOW TO BE A MORE PROSPEROUS HOUSING PROVIDER

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CINNATIREIA.COM

WHAT WE'LL COVER TODAY

- How to know what to pay when you buy a rental
- How to REALLY estimate and calculate cash flow
- The keys to making sure your rentals are profitable

WHAT WE'LL COVER TODAY

- How to use public records to find out everything you need to know about applicants
- How to avoid evictions (and do them when you must)
- Fair housing basics
- What to do when it all goes wrong

ABOUT ME

- 29 year student of the rental housing business
- Past president of the National Real Estate Investors Association
- Executive director of the Real Estate Investors Association of Greater Cincinnati (REIAGC)

ABOUT YOU

- Who owns rentals?
- Who owns single families?
- Who owns 2-3 families?
- Who owns apartments?
- Who owns in the city?
- Who owns outside the city?
- Who owns outside Ohio?
- Who has rentals AND a job?

WHAT IS THE POINT OF OWNING RENTALS?

- Extra income now?
- More extra income later?
- Quit your job or retire early on the income?
- Grow wealth?
- Tax breaks?

PROVIDING RENTAL HOUSING IS A BUSINESS...

- It can expand as large as you like
- Or stay as small as you like
- But there's always more to learn
- And there are lots of regulations to know
- And we should be professionals about it

The background is a dark blue gradient with a starry space theme. It features several technical diagrams, including circular gauges with numerical scales (e.g., 140, 150, 160, 170, 180, 190, 200) and arrows, and concentric circles with dashed lines. The overall aesthetic is clean and professional, suggesting a focus on data and precision.

HOW TO ASSURE THAT YOUR RENTALS MAKE MONEY

BUY THEM RIGHT!

“You make your money when you buy”

BUYING RIGHT MEANS...

- Buying at a price
- And with financing
- That lets you cover your basic expenses
- PLUS put away reserves
- PLUS make enough money to keep you in the game!

The background is a dark blue gradient with a starry space pattern. On the right side, there are several technical diagrams, including a large circular gauge with numerical markings from 80 to 240 and a smaller circular diagram below it. The text is centered in the upper half of the image.

THE #1 MISTAKE WE SEE LANDLORDS MAKE

Is miscalculating the rent and/or expenses
when they buy

THE #1 MISTAKE WE SEE LANDLORDS MAKE

Rent is affected by more than just area and number of bedrooms:

- Amenities like fenced yard, garage, storage space
- Location like busy vs. quiet street
- Condition of the property
- Type of property

THE #1 MISTAKE WE SEE LANDLORDS MAKE

Expenses are more than just principal, interest, taxes, and insurance:

- Maintenance
- Vacancy
- Long term reserves
- Owner-paid utilities?
- Professional management?

THE #1 MISTAKE WE SEE LANDLORDS MAKE

- Maintenance and vacancy will vary
- Rule of thumb: maintenance, vacancy, and reserves will be
 - 20% of gross rent for a single family
 - 30% for a 2-3 family
- IF it's stabilized and well-managed

THINGS TO CONSIDER

- Old houses cost more to maintain than newer ones
- Frame houses cost more than brick houses
- More square footage = higher turnover costs
- Lazy management = more vacancy loss
- Not fully stabilizing a property = higher vacancy costs

CALCULATE WHAT YOU CAN PAY BEFORE YOU BUY!!

Rent (use rental 'comparables')

- 20% of rent for vacancy, maintenance, and reserve
- Property taxes
- Insurance
- Your desired cash flow

Amount available for principal and interest payment

EXAMPLE

\$950 rent

- \$190 (VMR)
- \$120 (taxes)
- \$60 (insurance)
- \$150 net cash flow

= \$240

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WHAT DOES THAT \$240 REPRESENT?

The maximum amount of money you have to make a monthly payment on that property!

EXAMPLE

How much mortgage will \$240/mo. cover at 5% interest for 30 years?

A: \$44,707

IF you're using conventional financing and putting 20% down

Max you can pay is \$55,000 for this property

AND DON'T FORGET...

This doesn't include any money you have to 'put in' after you buy!

If you put \$11,000 down and

Put \$25,000 into stabilization

Your return on investment is

$$(12 * \$150) / (\$11,000 + \$25,000) = 5\%$$

DON'T LIKE THAT RETURN ON INVESTMENT?

What's the only number you can realistically change in the formula?

- NOT rent
- NOT expenses
- Only the purchase price
- (and only BEFORE you buy it!)

BUY RIGHT RULE-OF-THUMB

Your purchase price + rehab costs should not be more than 80% of the final value of the property

AND

Your rent-expenses should yield enough to fund your reserves and create some cash flow

MORE PROFITABLE, LESS-STRESSED LANDLORDING

1. Buy right
2. Choose your tenant right

BAD TENANTS = BAD EVERYTHING

- Bad tenants are costly
- Bad tenants are destructive
- Bad tenants cause friction with your neighbors
- Bad tenants cause stress

A GOOD TENANT IS ONE WHO HAS THE MAXIMUM CHANCES OF SUCCESS:

- Can easily afford the rent
- Stays a long time
- Doesn't do a lot of damage
- Isn't litigious*

RULE #1: LEOPARDS DON'T CHANGE THEIR SPOTS

The easiest way to find out how a tenant will treat you and your property?

- Check how they've behaved in the past
- I've rented to at least 300 tenants and gotten less than 30 calls from landlords for references



IT ALL STARTS WITH THE APPLICATION...

Check EVERYTHING...

- Identity
- Current and past landlord
- Eviction history
- Employer/income
- Criminal history

YOUR BEST SOURCES OF INFORMATION

- Credit report (National Tenant Network)
- HamiltonCountyAuditor.org (for showing ownership of the tenant's claimed residence)
- CourtClerk.org (for showing tenant's criminal, eviction, and other legal history)
- Your own observation

HOW TO SCREEN AND REJECT/ACCEPT THE RIGHT TENANT

- Check EVERY item on the application form
- Use a written points system and objective criteria to decide if the tenant passes
- Keep all applications and supporting documents

AND TREAT EVERY APPLICANT THE SAME

- Fair housing law has gone WAY beyond its roots
- There are protected classes at every level of government

WHY YOU MIGHT BE DISCRIMINATING WITHOUT EVEN KNOWING IT

You could be discriminating if you:

- Ask about a person's protected class
- Make recommendation based on a person's protected class
- Advertise using words that imply a preference for a particular type of applicant
- Refuse to make modifications/accommodations based on a person's protected class



YOU MUST STAY UP ON FAIR HOUSING LAW!!

- LGTBQ
- “Returning Citizens”
- “Assistance animals”

Take a class from REIAGC or HOME

When in doubt (or threatened) call 513-721-
HOME

HOW TO GET THE BEST RENTS

Have the best property!

- Updated
- Clean
- Smells good
- No pests

The same amenities that sell a house for more rent a house for more

HOW TO GET TENANTS WHO STAY

- Vacancy is a BIG expense
 - Lost rent + turnover costs + stress
- What's the #1 reason that tenants LEAVE?

HOW TO GET TENANTS WHO STAY

1. Only rent to people who can afford the rent
2. Rent to people with a history of staying in prior units
3. Respond to maintenance requests immediately
4. Visit the property at least semi-annually

WHAT TO DO WHEN IT ALL GOES WRONG

You have legal obligations as a landlord:

- To keep the property in safe and habitable condition
- To allow the tenant 'quiet enjoyment' of the property

WHAT TO DO WHEN IT ALL GOES WRONG

If you don't do these things, the tenant can:

- Pay rent into escrow
- Pay a reduced rent
- Break the lease

But only through the courts

WHAT TO DO WHEN IT ALL GOES WRONG

The tenant also has legal obligations:

- To pay rent
- Not to damage the unit
- Not to commit crimes or use the unit for purposes for which it wasn't intended
- To keep the (legal) terms of the lease

WHAT TO DO WHEN IT ALL GOES WRONG

If the tenant doesn't do these things, you may:

- Make an agreement with the tenant to move
- Evict the tenant
- Call appropriate authorities

WHAT TO DO WHEN IT ALL GOES WRONG

You may not:

- Threaten or harass the tenant
- Take the front door away

BIGGEST PROBLEM LANDLORDS ASK REIA TO SOLVE:

- “The tenant moved her boyfriend in” ...
- “The tenant got a dog” ...
- “The tenant is using the property as an illegal daycare” ...

And the landlord can't evict because the agreement was verbal

USE A LEASE!!

- That is complete in covering all the items that you'd like to be able to evict over!
- Lease violations and non-payment of rent require a 3 day notice
- If there's no lease and you want the tenant out, you must start with a 30 day notice, and encompass the entire month

THE EVICTION PROCESS IN OHIO

- Deliver a 3-day notice
 - Actually 5 or more days
- File eviction
- Go to court
- Get the judgement
- Schedule the setout
- Send the tenant a letter explaining the use of the security deposit within 30 days

COMMON LANDLORD QUESTIONS

- “The tenant keeps calling the building department on me, can I evict him?”
- “How much should I ‘work with’ a tenant who’s having financial problems?”
- “My tenant moved out 3 months into a 12 month lease, can I collect the rest of the money?”

PLEASE LET US HELP...

- REIAGC is the largest and fastest-growing community of landlords and investors in the Midwest
- You'll find the money, the deals, and the local education and advice you need
- “Main meetings” 1st and 3rd Thursday of the month

PLEASE LET US HELP...

- Over 950 local investors
- Education in everything from landlording to flipping houses to buying without banks...
- Discounts on products and services you use every day
- Support and expert local advice
- Sign up today and get our bonus bag AND a 1 year money-back guarantee on membership

AND NOW...A GIVEAWAY!!

