

# The Backus Bulletin

*"Your Management, Your Way"*

September 2018

## Should Family or Friends Be Tenants?

Family and friends - you can love and/or admire them BUT should they become your tenants?

This is a form of "nepotism, the practice of hiring family and/or friends." It has both pros and cons and it is an area where a very large "proceed with caution" sign should be posted.

You may have these thoughts about the subject of friends and family for tenants. One advantage for hiring a family member or friend is that you think you know their background and qualifications. Another supposition is that they will always be responsible for the rent and property upkeep. Last of all, you believe you know where to find them if they default on payments or leave damage - surely they would always pay what they owe.

***Your friends and/or family may always do what is right but what if they do not?***

If you are contemplating this step, stop and ask yourself a few important questions.

- ✦ Are you violating any Fair Housing laws rules or regulations by favoring a friend or family?
- ✦ Are you considering a friend / family member as a tenant based on sound business practices?
- ✦ Have you considered that this could strain or permanently affect your personal relationship?
- ✦ Are you creating a difficult three-

way relationship with them, yourself, and your property manager?

Have you asked us, your management company, where we stand on this issue?

It is critical that when considering any family member or friend that your actions comply with federal and state law, particularly regarding Fair Housing. Your friends and family need to follow the same processes involving showings, application, processing, security deposits, rental payments, and more. If someone were to prove you ignored the same practices you required of other applicants, you could be liable for litigation which could be very costly in fines and attorney's fees.

Are you really willing to overlook investigating a friend or family member's financial ability to support your property? Let's face facts here; if they cannot afford the property, don't you want to know before you enter into a landlord/tenant relationship?

Take time to consider how this could affect your personal relationship, particularly if they do not pay rent or if they damage your property. When things are difficult, emotions could and can easily turn into explosive situations, causing more difficulties than you can imagine. Therefore, this friend or family member must be able to maintain a business relationship without using their personal connection against you. This is often difficult, if not impossible.

Another consideration is that it can strain or permanently dissolve the professional

relationship with your property manager. As your management company, we want the best for your investment and we may not see your friend or family member as the best solution for your property. We must operate within the federal and state laws or jeopardize our entire business and licensing; otherwise we cannot work for you. Therefore, we will require your friends and family members to follow the same processes for tenancy as everyone else. Remember, our procedures are to protect you.

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### Backus Properties

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**backuspm.com**

## Announcements & Services

### THINKING OF SELLING?

We hate to see you go, but please give us a call if you are considering this possibility. Although we do not solicit listings for sale, we have been very successful at accommodating our clients. This last year we have sold 27 properties in Monterey, Salinas, Highway 68 and throughout Monterey County ranging in price from upper \$300,000's to \$1.2 Million. Because we know the properties for sale, and have a relationship with the tenants in place, the disclosures and inspections are handled smoothly and accurately.

We can also easily give you an idea of current value if you are considering the possibility, but need more information to make a decision.

Some of the properties sold in the last year are:

- 21445 Riverview Ct., Salinas, CA 93908
- 336 Cayuga St., Salinas, CA 93901
- 54 Chestnut St., Salinas, CA 93901
- 40 West St., Salinas, CA 93901

### WHAT CAN WE DO TO MAKE OWNING A RENTAL PROPERTY EASIER FOR YOU?

We won't know unless you tell us! Don't forget we have an "Eviction Protection" plan for \$20.00 per month that covers the \$1,000-\$1500 attorney fees if you have to evict a tenant. We also have "Rent Protection" at 2% additional management fee that means we will pay the rent if the tenant does not pay on time or not at all. Call or email our office: [info@backuspm.com](mailto:info@backuspm.com) or 831-455-2052.



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If a friend or family member approaches you about renting your property, here are some tips on how to handle the situation.

- Try to look at them objectively as tenants, not as a friend or family member.
- We ask that you discuss this with us first, whenever possible, so we can assist you with satisfactory solutions and work together as a team.
- Let your friend or family member know that if they wish to rent from you, they must go through your property management company.
- Let them know that as a landlord you are required to follow all federal or state laws and regulations. You are not in a position to suffer losses if there is a Fair Housing complaint.

With that said, tell them that they will have to follow the same process as any other applicant by contacting us to fill out and submit an application to rent the property. Make it clear that if they do rent the unit, they must call the property management company to handle maintenance and other issues, and that your personal telephone numbers are for friend or family time.

Previously you may have experienced a tenancy with a friend or family member. It could have been a success or failure. You could face this issue in the future. Either way, this article may give you some insight on this matter and will help you if the situation arises to maintain a positive family or friend relationship.