

RENTAL OWNER RESPONSIBILITIES AND MYTHS

BY PATRICIA RAYMOND

Even a seasoned rental owner may not know this, but you do not have to provide appliances or air conditioning in your rental home. At least not in northern climates where high heat is a much smaller duration of the year.

While including these items might raise the rent amount you are able to charge your resident, it may not be enough to cover repair and replacement costs. Since these are considered luxury items, your rental business model could be set up to exclude them and stipulate that the resident provides their own appliances.

If you do provide some, or all, appliances, you can also stipulate in the lease that they are there for the convenience of the resident but won't be repaired by the owner if they break.

The resident is welcome to fix them. Or dispose of them if they stop working and replace with their own funds. Upon leaving the property they can remove and take with any appliances they have purchased.

Furnaces, hot water tanks, roofs, electrical and plumbing systems are another matter. These are basic and essential to the health and well-being of your resident, as well as the preservation of your property. They are referred to as "habitability items." If they stop working, then the property



can be deemed uninhabitable. So, you obviously must include these items in your rental home and pay to fix or replace them when necessary.

Your rental business model should include a projected reserve amount to repair or replace them when the time comes.

Once you have signed a lease and a resident receives keys, you need to give reasonable notice to inspect or do work on the home, which is typically 24-48 hours. The resident has privacy rights and cannot be intruded upon at the last minute just because you happen to be driving by.

If rent is not being paid, and you're in the process of evicting a resident, you cannot change the locks until they voluntarily leave or until a court officially evicts them. If you lock them out when they still have rights to the property, it's called a

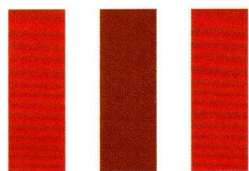
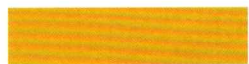
constructive eviction and you can get in trouble with the court for doing so.

Does your home need to be registered with the city and have a license? Only if your city requires it. In Oakland County, there are several cities not requiring any type of city certifications, including Troy. Other cities, like Hazel Park or Madison Heights, require licenses and full interior and exterior inspections. In the middle are communities like Clawson and Royal Oak that only do exterior inspections.

The important thing to know is that if you end up in court with a non-paying resident and you are in a city requiring a license but do not have one, the judge may dismiss your case because you did not follow the law by securing licensure.

Additional questions handling issues with your rental homes properly? Starting to buy properties for investment? When you call us at TMI Realty, LLC your questions will be answered. Because in real estate we all need TMI.

For more information, contact: Mark or Tricia Raymond (TMI Properties, LLC, 901 Wilshire Drive, Suite 125, Troy, MI 48084-5603) at 248-658-8518 (Office); 248-928-9237 (Fax); or see website <http://www.tmirealty.mobi>.



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