



# So You Want to Become a Landlord

## What You Need to Know – Now

You want to become a landlord. What could be better than to collect rent to pay off a mortgage and get tax benefits while your property increases in value? Renting may have its benefits, but there are many legal and practical landmines you must avoid. Here are some basics you need to know now.

By Cynthia J. Crass  
and Laurie S. Hart

- Know the law. You must comply with federal, state, and county or city laws.
- Run a credit check on prospective tenants. Verify they pay their rent on time. A credit report will show whether someone has been convicted of a crime or evicted. Before running a credit check, obtain the tenant's consent and Social Security number.
- Landlords must only rent premises that are safe, sanitary and fit for human occupancy. If you wouldn't live in your rental, you shouldn't be renting it.

- A written lease agreement is a must for all leases longer than a year. The law allows verbal leases for less than one year. However, specific terms of oral agreements are difficult to prove. A written, signed lease avoids "he said/she said" problems. Any amendments should also be in writing.

- Tenants have a right to privacy. The lease should specify when and under what circumstances you can enter the property. Unless otherwise provided in the lease or in case of an emergency, you must provide a renter prior notice before entering.

- Know what you can and cannot do with security deposits. After a lease terminates, you are usually required to refund the security deposit within a certain time period. Security deposits generally can only be used to repair damage beyond normal wear and tear. If you keep any part of the security deposit, you have to send the tenant a written notice of the reasons for and the amount of the deductions.

- If you are going to hire a property management company, research the company's history, check with the Better Business Bureau or the National Association of Residential Property Managers, ask for a list of current customers you can talk to about their experience, and obtain a written contract outlining what services the management company will and won't provide. Make sure you get copies of the leases and timely and accurate accountings.

- If you are not going to hire a property management company, you need to be ready to maintain the property and make repairs. Being a do-it-yourself landlord is hard work and a 24/7 job.

- You must have appropriate insurance coverage — homeowners and liability.

There is a lot involved in being a landlord. If you do it right, you may reap the benefits. If you do it wrong, it will surely cost you money. ☺

*Cynthia J. Crass and Laurie S. Hart are shareholders with the law firm of Callister Nebeker and McCullough in Salt Lake City. Ms. Crass focuses her practice on trusts, estates and fiduciary law. Ms. Hart focuses on business transactions and estate planning. Visit them at [www.cnmlaw.com](http://www.cnmlaw.com).*

*Please note: The preceding article is offered for informational purposes only and should not be construed as legal advice or as pertaining to specific factual situations. Consult an attorney concerning your own needs and circumstances and to obtain any legal advice with respect to the topics discussed in the article.*