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The first 4 tips all new landlords need to know



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'LHHNY,' LOCKSMITHS AND
LANDLORDS: CLARIFYING
WHAT A POWER OF
ATTORNEY CAN REALLY DO

Sixty-four percent of Americans don't have a will, according to a 2015 Rocket Lawyer estate-planning survey by [Harris Poll](#). This means the loved ones of quite a large population may be left to scramble to figure out how to disburse private funds, set up burial arrangements, and decide who gets keepsakes and valuables. And one of the most valuable things that one can leave behind is real estate property, including the home that a person lived in.

In the case of a reverse mortgage, it may be easy enough to hand it over to the bank for foreclosure if the (default) executor cannot afford to make payments. Or, maybe the loved one left in charge wants to sell the home but finds out the appraisal value is nowhere near the asking price. (Unfortunately, this [can happen](#).) In the latter case, it may be a better idea to try to rent the home out to profit from it as opposed to selling it off for what it should be worth.

Recommended Reading: "[The big payback: The legal ups and downs of reverse mortgages](#)"

-and-

"[Gimme sugar, gimme land: Tackling real estate property for a fallen loved one](#)"

Some initial housing decisions must be made ahead of time:

1. Who will be held responsible for home repairs: the renter or the homeowner?
2. Who will pay the utilities (ex. heat, electricity)?
3. How will the homeowner handle late payments or a renter who decides to unexpectedly move out?
4. How will home rental payments be estimated to include increasing property taxes and/or mortgage rates?
5. At what level can the renters redecorate or make major changes (ex. building a garage)?
6. Who will be held responsible for basic maintenance that could cause financial loss? (For example, in the City of Chicago, not removing snow and ice on the sidewalks can lead to a [\\$50 to \\$500 fine](#). The City of Chicago reports that there were 226 citations distributed in 2014, and anyone [including those who just occasionally walk by the home] can report “Snow – Uncleared Sidewalk” requests by simply calling 311.)

But before a new homeowner becomes a new landlord, here are some legal considerations.

1. *Lease agreement:* Landlords will need to decide if they want to use a standard lease template that is available online or work with an attorney to have a customized lease drafted. It is advisable for a soon-to-be landlord to have a customized lease drafted. A customized lease addresses questions such as these: “Can the tenant paint and remodel?” “Who is responsible for injuries that may happen to a guest visiting the tenant?” “Is the landlord responsible for damage or theft of the tenant’s personal property?”



Getting rid of the “bugs” in becoming a landlord

(Photo credit: iStock)

2. *Required disclosures:* Usually local ordinances and statutes require the landlord to give the tenant certain disclosures. A landlord’s failure to provide those disclosures could result in fines or penalties to the landlord. For example, in Chicago a landlord is required to give a tenant a lead-based paint disclosure. Landlords should familiarize themselves with the disclosures they are required by law to give a tenant.

3. *Security deposits:* Local laws typically require security deposits to be handled in a certain manner. In Chicago, a landlord who owns a 25-unit building and rents out the units is required to hold security deposits he collects from tenants in an interest

units is required to hold security deposits he collects from tenants in an interest-bearing account. Under [Illinois law](#), for properties with five or more units, a landlord must return the tenant's security deposit within 30 to 45 days after the tenant moves out unless the landlord has notified the tenant in writing of deductions that are being taken out of the security deposit.

4. *Eviction laws*: When evicting a tenant, the landlord has to comply with the law. The type of notice a landlord is required to give a tenant depends on the type of lease. Landlord's should be familiar with local eviction laws to make sure the form of the eviction notice is correct and that it is served on the tenant in the proper manner. The landlord's failure to comply with eviction laws could result in adverse consequences for the landlord.

Have more landlord-tenant questions? Contact [J. Paye & Associates](#) today.

Shamontiel L. Vaughn contributed to this blog. Find out more about her at [Shamontiel.com](#).

The information contained here is intended to provide useful information on the topic covered but