INTRODUCTION

Rental real estate is often touted as the most steady, surefire way to a secure future. The concept is simple: Locate a desirable home in a decent neighborhood, purchase that property, and put in a tenant who pays down the mortgage, covers the related costs, and provides a little cash flow. All this happens as the property appreciates in value. As an added bonus, you get to depreciate the dwelling against your other income. No drawbacks. A no-brainer. Right?

Maybe in Monopoly. But in real life, there *are* drawbacks. Toilets leak. Houses don't appreciate. Property taxes skyrocket. And tenants cause problems. Sometimes lots of them. In fact, I believe the fear of tenant problems, more than other fear, is what keeps people from investing in real estate. I also believe it is the main reason most people get out of real estate investing once they start.

If you're nodding your head "yes" as you read this, I can sympathize. I too have had tenant problems. And although I do agree that tenants can be problematic, I don't think they are the one and only cause. I think part of the problem is you, the landlord.

Don't take that the wrong way. Even though you are part of the problem, it most likely isn't your fault. Look at it this way: You can turn on the TV morning, noon, or night and probably find an infomercial telling you: "Buy with no money down!" "Become a millionaire!" "I made X number of dollars in X number of days using this system!" These infomercials sell you the glamour and the hype. They appeal to your sense of wanting a better retirement, a better lifestyle, a better future. And you know what? They're not lying to you; these things do happen. The gurus' systems can and do work, if you are willing to put forth the effort.

Likewise, go to a major bookstore and count the different real estate investing titles on the shelves. There are likely 50 or 60—maybe more. Then go to the service desk and ask them to pull up all available titles on the subject. Hundreds more.

Think of all the people you know who are financially better off than most. Many will have done it through real estate.

Whether you realize it or not, for years you've been bombarded and therefore unconsciously programmed by these messages telling you to invest in real estate. You're conditioned to the idea that wealth building is easy. The problem is that a lot of this hype promises to set you on the glorious and wealth building path of investment real estate, but doesn't always give you the tools to *control* that real estate: especially the tenants, which you must have if you own rental property. Well I'm here to tell you, the best way to keep control of your rentals is to pick the right tenants to occupy those rentals in the first place.

Sure, most real estate investment books devote a chapter here or there to the subject of selecting tenants. And most do warn you to pick quality tenants because a bad tenant will ruin your investment appetite. You might also read a paragraph or two about running credit checks, talking to a previous landlord, or filling out a lease. But this information isn't enough. When I was starting out, I wanted to know how to truly find quality tenants. I wanted to know how to *read* a credit report, not just obtain one. I wanted to learn what step to do first, then second—and when to do them. I wanted more. I wanted a tenant selection system, but I couldn't find one.

So I built one.

It took a few years of tweaking but through trial and error, I've come up with a system that works exceptionally well for me. Since I've been in this business, I've never had a tenant vandalize my property. I've never had one skip in the night. I've never been threatened, and it took more than twelve years before I had to finally start an eviction process.

I'm proud of my system. It was developed by a small-time landlord to help the small-time landlord—the beginner, the person who has a few properties to supplement their retirement: probably *you*.

How to Find That Quality Tenant: The Five Simple Steps of Tenant Selection is my system. This book contains five steps of tenant selection. They are as follows:

- Step One: Prepare
- Step Two: Prequalify
- Step Three: Paperwork
- Step Four: Process
- Step Five: Payoff

How to Find That Quality Tenant is devoted to educating you and improving your chance of finding a good, quality tenant. That is all the book is designed to do. You won't learn how to evict. You won't learn how to handle tenants who break the rules. You won't learn how to run your properties. This book concentrates only on helping you find a quality tenant, and it does that by offering a step-by-step system. Use what you need in step one, then proceed on to step two. Complete step two, then move on to three. By the time you've started step five, you should have a tenant of higher quality and more suited to your needs than before you read this book.

This doesn't mean you won't have a quality tenant whose life circumstances change, therefore becoming a problem. That can and will happen. You just don't want it to happen in the first month you rent out your dwelling. And you don't want it to happen very often. This book is designed to prevent many problems before they have an opportunity to arise.

In Closing

The main goals of this book are to educate you about tenant selection and to help you realize you need some sort of system to find quality tenants: a tangible, workable system. If you don't have one, I'm offering mine in its entirety. If mine doesn't fit your needs, use what you need and build your system around it. Whatever you choose, I hope you discover what works for you and I hope I have been of some help. Good luck.

And thanks for buying my book.

Step One: Prepare

For many things in life—whether you are climbing Mount Everest, repainting a classic car, building your dream home, or planning your wedding or retirement, preparation is the key difference between a successful success and an acceptable success. At one time or another, probably all of us have taken on a project that we failed to properly prepare for and were gravely disappointed in the results. Good early preparation could have yielded a better outcome.

As I explained in the Introduction, there are five steps in my tenant selection process. Step 1—prepare—is important if you are going to successfully locate a quality tenant, and it sets the groundwork for the other steps in the process. In this step, you will learn to prepare the rental unit so you attract the best possible tenants. Next, you will prepare your standards or qualifications the tenant prospect must pass if he or she is to be a candidate for your dwelling. Finally, you will prepare your advertising to draw potential tenants into your selection pool.

CHAPTER 1

Preparing the Dwelling

When landlords think of the preparation needed to find a tenant for their rental dwelling, they usually think in terms of cleaning and painting the property or writing an ad that brings tenant prospects by the truckload. Although both of these factors do require preparation (and I will cover them in this section), there are other things to do to prepare for a tenant search.

Finding and choosing a quality tenant for your rental dwelling requires work. It is going to take time and play havoc with your emotions. You will be misled, frustrated, ticked off, and discouraged, among other things. You may want to quit and you may question your sanity, or at the very least, your desire to be a landlord. All this is normal. All this comes with the territory, so it's important to prepare yourself first.

Preparing Yourself

With good preparation and understanding of what lies ahead, you will be able to adjust and cope with any negatives that creep in. Proper preparation will give you a boost of self-confidence, a better attitude, and a more professional air as you search for that quality tenant.

How do you prepare yourself ? For starters, realize why you are searching for a *quality* tenant and not just any tenant. The difference between the two can be the determining factor between success and failure in this business. To help you better understand that difference, let's first define quality tenant.