



Website: <u>reiawaynecounty.org</u> **Wayne County REIA**



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April Edition 2025

Mastering Tenant Screening & Leases: Insights from Kathleen Parakh

Running a successful rental business requires more than just owning property-it demands smart management, proper tenant screening, and well-drafted leases. Without these essentials, landlords risk financial loss, legal disputes, and unnecessary headaches.

On April 1st, 2025, join Kathleen Parakh, an expert in landlord-tenant law, as she shares best practices for tenant screening and lease agreements. With over 15 years of legal experience and six years as a property manager, Kathleen knows the challenges landlords face firsthand. She is licensed to practice before the U.S. Patent Office, the State of Michigan, and the 6th Circuit Federal Court and holds a Juris Doctor from Thomas M. Cooley Law School. Her expertise includes lease drafting, tenant removal processes, and landlord representation.

During this session, Kathleen will cover:

- ✓ How to properly vet tenants to minimize risk
- ✓ The importance of a legally reviewed lease agreement
- ✓ Key clauses every lease should include
- ✓ Common legal pitfalls landlords should avoid

Event Details:

📅 Date: Tuesday, April 1st, 2025

Dinner: Available for purchase at 5:30 PM

Meeting: 6:00 - 8:00 PM

Cost: Free for members | \$20 for non-members (cash, check, or credit card at the door) Don't miss this opportunity to strengthen your rental business with expert guidance. Whether you're a seasoned investor or just starting, this meeting will provide critical insights to protect your properties and maximize your success.

Mark your calendar and join us for an evening of learning and networking!



REIA Membership Benefits

Why Join? The Benefits Speak for Themselves!

- Endless Networking: Connect with like-minded investors, landlords, and contractors.
- Landlord-Focused Content: Expert-led rehab and rental presentations tailored to your needs.
- Monthly Newsletter & Guest Speakers: Stay informed with the latest industry insights.
- Exclusive Business Connections: Meet and collaborate with local business owners and contractors.
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- Contractors Benefit Too! A steady stream of long-term, repeat business opportunities.
- Access to Court-Approved Forms for hassle-free property management.
- Advocacy & Government Liaisons: Stay informed through RPOA's connections with local and state officials.
- Exclusive Discounts: Save big with Sherwin-Williams, Office Max, and major big-box retailers.



Where Your Membership Fee Goes

An annual membership is \$135 for an individual and spouse and is fully tax-deductible. Every dollar supports our organization's operations, covering speaker costs, website maintenance, insurance, newsletters, events, and a lobbyist in Lansing advocating for landlord and investor interests. Our volunteer board takes no compensation, ensuring your support strengthens our community and mission.

Board Meeting

The Directors Board meeting is scheduled for Tuesday, April 8th, 2025, at 6:00 PM and will take place at Leon's Family Dining.



Board of Trustees: (left to right) Maria King VP, Elizabeth Walker Trustee, Jeremy Paul Treasurer, (back row) Wayde Kohler, President, Jerry Kirschner, Trustee, and (Missing from pic) Mike Sloan, Secretary

Volunteer Board Members Contact Information

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SCREEN FOR STABILITY

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SCREEN FOR STABILITY

When screening applicants, one important factor to consider is STABILITY. How stable are the applicants? As one landlord put it: "Stable people don't bounce". One landlord asked, "What would you consider instability in an applicant?"

A landlord discussion on our popular Q&A this week highlighted the following four indicators of the potential stability of a prospective resident:

- 1. Length of time at current and former addresses.
- 2. Length of time at current and former jobs.
- 3. Length of time in current relationship.
- 4. Amount of savings.

In the discussion, several landlords shared how they look for stability in the above areas. To see the <u>complete discussion on Stability, click here</u>.

PREVIOUS ADDRESSES ON EVICTION REPORT

There is one of many things I like about the results I receive from the Eviction report available on TenantCreditChecks.com (sponsor of this Update). When I request the Credit and Eviction Report Combo, all the prior addresses on file for the applicant are displayed as part of the results of the report. With that information, it helps me to quickly determine the potential stability of the person, based on the number of different addresses that appear.

The prior address information is also helpful because rental applicants do not often include one or more prior addresses when filling out the rental application. The missing addresses are sometimes left off purposely so that you will not discover unstable or negative rental history.

If you have never utilized the <u>Credit and Eviction</u> Report available on <u>MrLandlord.com</u>, check it out. The two reports together are very inexpensive, only cost \$14.95. And more importantly, it can save you hundreds or thousands of dollars by helping you avoid unstable residents who will not last long at your property, like they have not lasted long at others, leaving you with a costly turnover.

Any questions on using the service or if you'd like assistance setting up a free tenant screening account (or updates to existing accounts), simply call 1-888-294-4640

HOW MUCH MONTHLY INCOME DO YOU NOW REQUIRE?

The rents in many areas, if not most, are higher now than in the past few years. As a result, many applicants do not make 3 times the rent, let alone 4 times. As a landlord, are you still requiring 3 times the rent which was the norm?

Some landlords have not dropped their standards and still require as much as 4 times the rent. Have you changed your income-to-rent ratio requirement in the last couple of years for the amount of monthly income in relation to the monthly rent?

Stay in control, keep upgrading and make the most of the assets God gives you!

Jeffrey Taylor

Founder@MrLandlord.com

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6 WAYS TO CHECK PROSPECTIVE TENANTS FOR PAST EVICTIONS

Jeff Rohde, posted in Investment Strategy



This article equips you with 6 effective strategies to uncover past evictions before signing that lease. From leveraging <u>advanced screening tools</u> to uncovering hidden details that standard background checks might miss, we'll walk you through actionable steps to protect your property and deliver peace of mind.

HOW TO CHECK AN APPLICANT'S EVICTION HISTORY

We'll start by exploring 6 standard and lesser-known techniques to help ensure you get an accurate picture of your applicant's rental history.

OPTION 1: TENANT SCREENING REPORTS

The most common method is to use tenant screening services. For example, <u>Stessa offers comprehensive tenant screening</u>, which can include credit scores and history, criminal background checks, judgments and liens, and eviction records. While professional screening services are an essential starting point, some evictions may not appear immediately while others might not be reported at all.

It can take anywhere from 30 to 60 days for an eviction to be processed and become discoverable to screening agencies, and clerical errors such as misspelled names or incorrect addresses can affect the accuracy of eviction reports.

Additionally, some jurisdictions have enacted laws to limit the impact of eviction records on a tenant's ability to secure housing. For example, California passed Assembly Bill 2819 in 2016, prohibiting courts from making an eviction part of public records unless the landlord prevails within 60 days of filing.

OPTION 2: RENTAL HISTORY VERIFICATION

Don't underestimate the power of old-fashioned detective work. Ask the tenant for landlord references and contact previous landlords directly to verify a potential tenant's rental history. Ask specific questions about their tenancy, including:

- Did they pay rent on time?
- Were there any lease violations?
- Would you rent to this person again?

OPTION 3: COURT RECORDS SEARCH

For a more thorough approach, consider searching court records yourself. Many county courts have online databases where you can search for eviction filings. This method can uncover recent evictions that haven't made it to screening reports yet.

To do this:

- Identify the counties where your applicant has lived.
- Visit each county's court website.
- Search for the applicant's name in civil case records. Look for terms like "unlawful detainer" or "eviction."

OPTION 4: STATE-SPECIFIC EVICTION DATABASE

Some states maintain their own eviction databases. For example, <u>California counties have an Unlawful Detainer registry</u>. Check if your state offers a similar resource for an additional layer of verification.

OPTION 5: CREDIT REPORT ANALYSIS

Some evictions may not appear on credit reports but could show up as collections or judgments. A careful analysis of the credit report might reveal eviction-related financial issues.

OPTION 6: APPLICANT INTERVIEW

Sometimes, the most revealing information comes from prospective renters themselves. During the interview, ask direct questions about their rental history and reasons for moving. Pay attention to any inconsistencies or evasive answers.

COMPLY WITH THE FAIR HOUSING ACT

The <u>Fair Housing Act</u> (FHA) prohibits discrimination against applicants based on race, color, national origin, religion, sex, familial status, or disability. Ensuring your tenant screening process doesn't unintentionally discriminate under these categories is critical. Here's how to stay compliant:

- Apply the same screening criteria to all potential tenants.
- Avoid questions or policies that could seem biased (e.g., only allowing tenants of a specific age group or family size).
- Document your decision-making process to justify rejections if required.

ADDITIONAL STRATEGIES FOR MANAGING TENANT RISK

Require a co-signer

A co-signer with strong financial credentials can add an extra layer of protection. If the tenant can't meet their obligations, the co-signer becomes legally responsible, helping to reduce your financial risk.

Start with a shorter lease term

Offering a month-to-month or shorter lease term allows you to test the tenant's reliability without committing to a long-term arrangement. You can always renew or extend the lease if the tenant proves to be responsible.

Select the right tenants to minimize the risk of default Your goal isn't to find the one perfect tenant. Instead, aim for tenants who show signs of responsibility and who will pay on time and care for your property

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TIPS AND TRICKS FOR SUCCESSFUL TENANT SCREENING

Whether you're just getting started in real estate or are an experienced investor with a diverse portfolio, proper tenant screening is crucial when managing residential rental properties. Here are a few tips and tricks you can employ to master the art of tenant screening:

- · Set clear criteria: Before screening, define what makes an ideal tenant for you. You could base your criteria on income level, credit score, employment status, and other objective factors. Clear tenant screening criteria can help you streamline the screening process and help prevent discrimination claims.
- · Be consistent: Apply the same screening process to all applicants. Consistency keeps you compliant with fair housing laws and helps ensure you're comparing people equally when evaluating potential tenants.
- · Trust your gut, but verify: First impressions matter, but they shouldn't be your only deciding factor. If something seems off when you first meet someone or things don't seem to add up on the application, do your due diligence to confirm or dispel your suspicions.

Jeff Rohde, posted in Investment Strategy



- · Look beyond the numbers: A high credit score and proof of income are good, but they aren't everything. Consider the applicant's rental history, references, and behavior during the application process as well.
- · Understand local laws: Tenant screening laws vary by location. Make sure you understand your local laws to avoid potential legal issues.
- · Document everything: Keep records of all your interactions and screenings. This documentation can be crucial if a dispute arises.
- · Avoid rushing the process: Quickly filling a vacancy can be tempting, but patience pays off in the long run. Taking the time to screen applicants thoroughly can potentially save you from costly evictions or property damages.
- · Leverage technology: Online tools and services can assist you in structuring your screening process. They can help automate tasks like credit and background checks, saving time and effort.

All Around Town With Real Estate Investor Groups

(Call group to confirm meeting dates before attending as they are subject to change.)



REIA of Wayne County

Meets 1st Tuesday of the month

Location: Leons Family Dining 23830 Michigan

Ave., Dearborn Time: 5:30 PM

Call Wayde Koehler at 313-819-0919 for more

details

Oakland REIA

Meets 2nd Thursday of the month

Location: Troy Community Center in meeting

room

Time: 6:00 PM

Call Brian Sullivan at 248 327-0588 for details

Metro Detroit Investors Meet-Up

Meets 4th Thursday of the month Location: McVee's Pub & Grub 1129 Long Lake Rd., Troy

Time: 6:30 PM

Pontiac Landlord Group

Meets 1st Thursday of the month Location: Fino's 450 Perry St., Pontiac

Time: 6:00 PM

Call Ken Moses 248-672-9699 for more details

Monroe County Landlord Association

Meets 4th Thursday

Location: Quatro's on Telegraph Rd.

Time: 6:00 PM

Call Debbie Peters at 734-457-5086 for more

information

Jackson Area Landlord Association

Meets 4th Monday of the month

Location: The Napoleon Café, 6816 W. Brooklyn Rd.

Contractors

Note: REIA of Wayne does not support or make any recommendations regarding contractors. It is up to you to do your due diligence when hiring any contractor. This is for information purposes only.

Appliance Repair	Heating and Cooling
Keith Devoy Appliance Repair313 689-2446	
Concrete Nelson Concrete 313 212-3927	Mega Rooter H & C313 254-3529 Expert Heating and Cooling734 672-1818
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	American Lock & Key734 281-1454
Electrician	
King Billy's LLC313 333-6467	Painting
Haddix Electric Co313 386-7299	Diamond Painting248 935-4514
	Dante's Painting (Edmond)586 610-1812
Handyman	Sergio Guerrero313 282-9119
American Skilled Svc313 264-9579	Ishtar Construct & painting313 720-3556
Handyman Service Plus313 242-7372	
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How Much Can You Increase Rent? A Landlord's Guide to Pricing, Market Trends, and Regulations

Rentometer Blog » How Much Can You Increase Rent? A Landlord's Guide to Pricing, Market Trends, and Regulations

March 20th, 2025. This is excerpt from original article (rent control was cut in order to fit in newsletter.)

Owning an investment property isn't just about collecting rent—it's about managing it professionally. A key part of long-term success is making strategic price adjustments that reflect market trends while keeping properties competitive and profitable. Raising rent isn't just about making more money; it helps maintain property value, cover rising costs, and keep your rental income aligned with inflation. However, rent increases must be handled fairly, legally, and based on accurate market data to keep tenants satisfied while maintaining profitability. So when can a landlord increase rent? How do you know if it's the right time? How much should you increase rent by? Let's dive in.

When Can You Increase Rent?

Most residential leases in the U.S. are fixed-term leases, typically lasting 12 months. In these cases, landlords cannot raise rent during the lease term unless the agreement explicitly allows it (which is rare). Rent increases can only take effect when the lease is renewed at the end of its term. For month-to-month leases, landlords have more flexibility and can increase rent with proper notice, typically 30 to 60 days in advance, depending on state and local laws. Some cities and states have rent control or rent stabilization laws that limit how often and by how much landlords can raise rent—even after a lease expires. Before adjusting rent, it's essential to check local regulations to ensure compliance.

When Should You Raise Rent—And By How Much?

While landlords are legally allowed to raise rent when a lease ends, the real question is: should they? Deciding how much to increase rent isn't just about what's allowed—it's about what makes sense based on market conditions, tenant retention, and property value. Since real estate trends are hyperlocal, there's no one-size-fits-all strategy for rent adjustments. Landlords must analyze city-wide trends, neighborhood shifts, and even block-level changes to make informed decisions.

Key Factors in Determining Rent Increases

1. Market Rents Are Rising

If similar properties in your area are renting for significantly more than yours, it may be time to adjust your rates. The best way to determine this is by checking hyperlocal rent comps using tools like Rentometer.

- How Much Should You Raise Rent?
- Compare your property's rent to similar units in your area.
- If you're far below market rates, you may be able to increase rents gradually over multiple lease renewals rather than all at once.
- Be mindful of local rent regulations, which may cap rent increases in certain cities
- 2. Neighborhood Growth & Increased Demand
- Has your area seen new restaurants, retail spaces, public transit expansions, or an influx of residents? A growing neighborhood typically drives higher demand and justifies a rent increase.
- Yes
 How Much to Increase?
- If your area is becoming more desirable, small incremental increases (e.g., 3-5%) may be reasonable, even if comps don't show a dramatic shift—anticipating demand can keep you ahead of the market.

3. Inflation & Rising Property Costs

Property taxes, insurance, and maintenance costs tend to increase yearly, and landlords must adjust rent accordingly to avoid cutting into profits.

- How Much to Increase?
- If your expenses have risen significantly, you can factor that into your pricing strategy while staying competitive with market rates.
- However, in a renter's market (where supply exceeds demand), it may be wiser to accept lower profit margins temporarily to maintain tenant stability rather than pricing yourself out of the market.

4. Property Improvements = Justified Rent Increases

Not all rent increases are based on comps—sometimes, they're based on added value. Tenants are more willing to accept price adjustments when they see tangible benefits from improvements.

- How Much to Increase?
- If you've renovated units, added high-end appliances, improved amenities, or upgraded common areas, you can justify a higher increase—potentially 5-10% or more, depending on the value added.
- If competing properties lack similar upgrades, you may be able to price slightly above market comps for a premium offering.

5. Vacancy Rates & Market Supply

If rental units in your area are filling up quickly, it indicates strong demand, meaning you can increase rent with minimal risk of tenant turnover.

However, if many new units are hitting the market, vacancy rates may rise temporarily, putting downward pressure on rents.

How Much to Increase?

- If vacancies are low and demand is high, you can comfortably raise rent to match or slightly exceed market rates.
- If vacancies are rising in your area, a more modest increase (1-3%) or keeping rates steady may be the smarter move to ensure tenant retention.

Typical Annual Rent Increases

While rent growth varies by region, here's how rents changed nationally according to <u>Rentometer's latest single-family</u> rental report:

- 2022: +7.1% (average rent increase per year)
- 2023: +4.0%
- 2024: +0.8% (smallest increase in years)

Regional Trends

- ↑ Midwest → +5.26% (strongest growth)
- \uparrow Northeast \rightarrow +4.84%
- Pacific \rightarrow +2.12%
- Procky Mountains → +1.75%
- ¶ Southwest → -0.09% (slight decline)

Local Trends:

- \uparrow Los Altos, CA \rightarrow +14.1% (very strong growth)
- ¶ Buffalo, NY \rightarrow +10.9%
- [↑] Staten Island, NY→ +8.0%
- ightharpoonup St. Louis, MO ightharpoonup +5.9%
- ¶ San Francisco → -1.2% (slight decline)
- ¶ Austin → -4.3% (substantial decline)

What This Means for Landlords: Not all areas are experiencing the same rent trends. Some markets are still growing, while others are stabilizing or even declining. <u>Check hyperlocal rent data using Rentometer</u> before deciding on an increase.

Negotiating Rent Increases

It's important to give tenants ample time to consider their options when increasing rent. They may be agreeable, attempt to negotiate, or elect to move out in search of housing better aligned with their budget.

After being alerted of an increase, your tenant may come back with a counter offer. Here's <u>how to handle rent</u> <u>negotiations with tenants</u> to help you navigate these conversations effectively.

It's important to contemplate your options. If your tenants are respectful, kind and always pay on time, you may compromise slightly to keep them.

Calculating Rent Increases with Rentometer

When raising rent, it is advisable to present clear data to substantiate the decision. Tools like Rentometer can aid in providing comparable market data to justify rent adjustments.

When it's time to nail down a number for your increased rental rate, Rentometer makes it simple.

- 1. Head to https://www.rentometer.com/
- 2. Enter your unit's address and the number of bedrooms and bathrooms
- 3. Rentometer will provide hyperlocal data comparing similar properties in your area.

4.

Rentometer provides data to help you see what comparable properties in your area are being rented for. If you find yourself charging well below your rental comps, this data can help determine a more suitable price. You can also export the data into a printable PDF to share with tenants when justifying increases.

In Conclusion...

Raising rent is a crucial aspect of property management that can significantly impact a landlord's financial stability and investment success. By carefully monitoring local market trends, economic conditions, and property improvements, landlords can make data-driven decisions about rent increases. While tenant satisfaction is important, maintaining a profitable property requires a balance between fair pricing and market demands. By staying informed, following legal guidelines, and using tools like Rentometer to back up your decisions, landlords can ensure their rent increases are reasonable, justified, and ultimately beneficial for both parties.

