**The Ins and Outs of Expert Advice**

M. Jane Garvey - February 2017

The answers to nearly everything you could ever want to know are right at your fingertips these days, readily available in seconds if not minutes. At least that's how most everyone is behaving. Is this information you are retrieving and relying on accurate? You must consider the source.

***Did you know that a beautiful website doesn't necessarily make someone an expert?*** Top rankings on Google are an indication that someone has hired a good techie, not that they know anything worth sharing. There are many who misinform with authority. People in chat rooms will answer any question you ask whether they actually know the answer or not.

***Did you know that an answer might be right one minute and wrong the next?***

The economy changes, prices change, laws change, consumer's tastes change, your financial position changes, your life circumstances change, and many other things change as well. Some of these changes are slow moving, but some literally can change overnight. Are you taking into consideration the age of the information you are retrieving and its relevance to your current circumstances?

***Did you know that the same answer that might be right for your friend in Elmhurst might get you in big trouble across the county line in Oak Park, IL?***

The fellow with 2000 rentals in Phoenix, AZ might be answering your question with seemingly great authority, but if you are doing rentals in Chicago the answers once again could get you in big trouble. We are a nation of laws, but most of the laws affecting rental property ownership are not national. Rental practices are mostly governed by state, county, and city laws and ordinances; and where appropriate by Home Owner Association Rules and Regulations.

***Did you know that acceptable materials and methods for various repairs also need to meet local standards?***

The same plumbing that is quite functional and acceptable in a single story suburban home may not hold up to the water pressure in a 50 story high rise. The insulation appropriate for a San Diego dwelling would yield insane heating bills in a Minneapolis apartment. Local codes will dictate the acceptable construction standards for everything from putting in a sidewalk, to building a deck, to hooking up the plumbing for a kitchen sink. Not doing it within the mandates of the local codes could be an expensive mistake.

If you look around online you will find many websites offering leases and other rental documents, some for free and some for a fee. One size does not fit all, and some of the websites give a nod to that, offering "state specific" rental documents. Unfortunately, that is not good enough, but is a ready trap for the inexperienced and uneducated landlord.

To drive this point home, I am going to share a story with you. Several years ago I got a call from a woman from Chicago who was highly distraught. She had lost her job several years earlier and after unsuccessfully looking for work, she decided to go back to school. She decided to rent out her condo for the 3 years she would be gone. She and the tenant reached an agreement and memorialized it on a rental agreement form they found at a local office supply store. The tenant diligently paid rent each month, and everything was fine. When the 3 years were up, the tenant moved at the appointed time and the woman returned home. She had to make a few repairs and do some cleaning to put the place back in acceptable condition, so she kept several hundred dollars from the tenant's security deposit and returned the rest.

A little time passed and she got a call from an attorney. He said he was representing the tenant. He said the tenant was upset that she had kept part of their security deposit so they had contacted him to see if he could help. He had reviewed the lease and it was not compliant with [Chicago's Residential Landlord Tenant Ordinance](mailto:https://www.cityofchicago.org/city/en/depts/dcd/supp_info/rents_right.html). There were 6 places where it violated the ordinance, and since it had been in place for 3 years that made 18 violations. Each violation was punishable by a statutory penalty due the tenant of twice the security deposit, plus attorney fees. So, by his calculation she owed the tenant 36 times the security deposit plus his fees. The security deposit had been one months rent, so this meant she was to return 36 months (3 years) worth of rent to the tenant and pay the attorney his fees of $5,000. Her choice would be to go to court, where the outcome would be the same except of course she would pay court costs, her attorney fees, and more for him because of his added time.

Naturally the woman was highly distraught. She didn't have the money. Remember, she had been out of work and paying for school. The money that the tenant had given her over the course of the 3 years had been used to pay the mortgage, the taxes, the insurance, the HOA fees, etc. She didn't think that she had done anything wrong, and certainly nothing unreasonable. Unfortunately, even though that may be the case, the law in her area (Chicago) is very specific, and she didn't follow it.

***How can you avoid the problems that come with accepting poor advise?***

* Do your own research at reliable places
* Find out what the laws are
* Ask questions of the people who make and enforce the laws
* Call City Hall and find out what ordinances they have that affect rental property ownership, or building projects
* Ask the Home Owners Association if they have any rules you have to follow
* Ask at the County and ask at the State
* Look up the laws and read them! *(However, keep in mind that they change, so find out where you can read the minutes of City Council meetings and HOA Board meetings)*
* Do your due diligence periodically to make sure you are following the laws

Remember, just because someone has been doing business in volume, doesn't mean they are an expert in the details that you need to know, in the locality that you will be using the information, and under the personal circumstances that apply to you.

I went to a required training taught by a police officer a few years back. If I had followed his advice on complying with Fair Housing Laws, I could be paying huge fines for discriminating against people based on national origin, and probably based on source of income and a number of other discriminatory practices. In the Fair Housing world, there are protected classes established at the Federal, State, County, and local level. And, believe it or not, they are different. You need to know them all and comply with the collective coverage.

I went to another class a few years back where a local attorney was speaking about how to get tenants to leave properties you have bought at a foreclosure auction, or as REO's from a lender. He indicated that he was using these techniques on his own foreclosure purchases. I asked him a few questions and it became clear that he was ignorant of specific laws governing this, "Protecting Tenants in Foreclosure" laws that could cost his clients and students tens of thousands of dollars.

Hire professionals anyway, but ask questions. See if their advice matches what you have found on your own. Ask them what they do to keep up to date on changes in the laws and standard practices. It is always a good idea to add this extra layer of protection. Being too cheap to pay for truly expert advice is a big issue for many investors. I would like to be able to tell you that you can rely on professionals to be up to date on the laws. This unfortunately isn't always the case, and especially might not be the case if you are asking them to do work outside of their normal territory or their area of expertise. Make sure that they have errors and omissions insurance that may cover the damages if they give you bad advice. One way or the other, if you hire them, you will be better off relying on a professional with insurance rather than a blogger.

I see many investors and landlords who think it is ridiculous to spend any time investigating the laws that cover their business. In fact many don't pay attention, even when this information is handed to them on a silver platter. In most, if not all cases, ignorance of the law is no excuse. The fines that municipalities collect from these things mostly come from the small landlord or rehabber that hasn't done their homework ahead of time.