



## Rental Services, Inc.

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### The pitfalls of renting

Landlords, renters can take steps to avoid hassles

By Beth Potter

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Among Matt Moon's favorite landlord horror stories is the one about the tenant who looked him in the eye and told him flat out she had no intention of paying her rent.

"She said, 'You have to evict me,'" recalled Moon, a real estate broker who also manages rental properties around Denver with 50 to 60 tenants. "It's amazing the audacity of people."

As the metro-area rental-vacancy rate dips to 6.7 percent and average rents climb above \$850, first-time investors are stepping forward. And with foreclosed homes available for a song, real estate brokers say they are watching property investors become first-time landlords.

Moon has this bit of advice for those who think all they have to do is sit back and collect a monthly rental check: It's not that easy.

He has dealt with evictions several times, a process he said takes about a month when all the legal paperwork is done. Even after giving tenants a three-day written notice of nonpayment, he said some are still surprised when it actually happens.

"A couple are the deer in the headlights, with breakfast on the table, and the shower curtain still wet," Moon said.

To head off eviction hassles, credit-check companies can be a landlord's best friend, said Jeff Malone, regional marketing director for Rental Services Inc., in Arvada. For \$48 a person, his company will check references, credit, criminal history, bankruptcies and

evictions. The company uses public information available in area courthouses, information from the Colorado Bureau of Investigation and its own sources, Malone said.

Tenants willing to pay an application fee before they move into a rental are usually pretty truthful about the information they provide, Malone said. He estimates that about 65 percent of the applications he sees have some sort of problem, from bad credit all the way up to felony criminal convictions and house foreclosures.

"It might not keep them from getting the apartment, but the landlord always says, 'I'm glad I knew about that,' " Malone said.

Landlords should have lists of rental criteria, he said, so that if screenings uncover problems, potential tenants can be told why their information is not acceptable. Among the items to include are acceptable credit scores, for example, and whether a misdemeanor means automatic disqualification, he said.

Owners renting apartments must also follow the federal Fair Credit Reporting Act, for example, which requires both landlords and tenants to fill out forms.

"If people got in trouble for owning their own homes, with a delinquent credit report or a foreclosure or a bankruptcy, sometimes landlords are more skeptical about renting to them," Malone said.

Moon recommends that landlords be "matter of fact" if things get to the eviction stage. Based on his experiences since buying a first rental property 10 years ago, tenants usually can't make up the rent they owe if they're more than a month and a half past due. And because people who are forced to move don't usually clean or repair their apartments, charging an appropriate deposit can also help mitigate potential headaches.

"You become a little hard," Moon said. "I don't take anyone's song and dance story."

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#### Tips for landlords and tenants

- Tenants should be realistic about what they can afford when looking for a new place. The U.S. Department of Labor recommends spending no more than 25 percent of your total income on rent.
- Landlords can charge potential tenants for credit and background checks.
- Landlords should have a list of rental criteria (whether or not such things as a low credit score, felony conviction or bankruptcy will be allowed, for example). That way, if potential tenants don't meet the criteria, it's easy to explain why.
- Tenants can check with national credit reporting agencies to get potential problems resolved.

