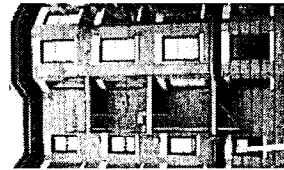


Minnesota Multi Housing Association

The Minnesota Multi Housing Association (MHA) was founded in 1967 and promotes the highest standards in the development, management and maintenance of rental and owner-occupied multi housing. The nearly 2,100 members together own or manage more than 250,000 multi family units in the state. While a majority of our members own or manage fewer than 20 units each, members also include: the state's largest apartment management companies, developers, common interest communities, and providers of related products and services. MHA members represent an industry that houses nearly a million Minnesotans of all ages, races, and incomes through for-profit and non-profit housing, including market rate and subsidized units.

MHA is the voice of the state's multi housing industry. MHA is proud to:

- Provide leadership for the industry on legislative and regulatory matters.
- Promote research and exchange of information to enhance the quality of multi housing in Minnesota.



The information contained in this brochure is only intended as a brief introduction to rental property management. Many complicated issues have been simplified. It is neither professional nor legal advice. You should contact your attorney or other advisor to discuss any legal or other issues you may have.

Resource Information

Minnesota Multi Housing Association
MHA's website (www.mmha.com) includes information on upcoming seminars, forms and leases, a buyer's guide specific to the industry, and other resources.

Phone: (952) 854-8500
Hotline: (952) 858-8222
1650 West 82nd Street, #250, Bloomington,
MN 55431

CIC Midwest

Resources for managers and owners of Community Interest Communities (owner-occupied town home, condominium or homeowner's associations) can be found at <http://cicmidwest.com>.

Minnesota Statutes

<http://www.leg.state.mn.us/>
Tenant Landlord: Chapter 504B
Koskinen Background Check Act: 299C.66

Minnesota Attorney General

Hotline: (651) 296-3353

Minnesota Department of Revenue

CRP forms and instructions - <http://www.taxes.state.mn.us>

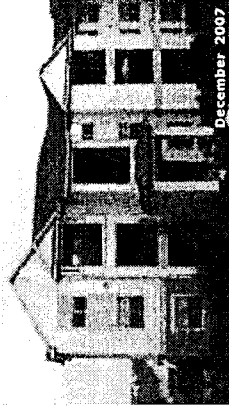
U. S. Department of Housing and Urban Development (HUD) Lead Paint Guidelines

<http://www.hud.gov/offices/lead/enforcement/disclosure.cfm>

Principles of Successful Rental Property Management

BENEFITS OF GOOD MANAGEMENT

- On-time payment of rent
- Improve resident quality
- Stabilize income
- Reduce turnover
- Control expenses
- Improve financial performance
- Less property wear and tear
- Allow for property improvements
- Enhance property values
- Be proactive, not reactive
- Better relationships with neighbors
- Fewer police calls
- Fewer late night phone calls



Screen All Applicants: There is simply no substitute for carefully screening all applicants. A surprising number of people have poor credit, bad rental history, or criminal records. Not renting to people with such records is an important part of having a stable and profitable property. You may charge a reasonable application fee. There are also special rules for pre-lease deposits.

Screening Services: You may want to hire a company to review applications on your behalf. A list of member screening companies is available on the MHA website.

Written Screening Criteria: Write down qualification standards. Some cities require that a copy of your qualification standards be given to applicants. Not writing down your standards and/or following them puts you at risk of inconsistent results and possibly a discrimination claim. *Criteria to consider:*

- **Credit:** People who do not pay their credit cards and other bills are less likely to pay their landlord.
- **Income:** People without verifiable sources of income are less likely to pay rent. Requiring income of 2.5 to 3.0 times monthly rent is a common standard.
- **Rental History:** Verify whether your applicant paid rent on time, violated a lease, or damaged a prior apartment. Screening services can check whether your applicant has previously been evicted from an apartment. Applicants with poor rental histories are more likely to cause you problems.
- **Criminal Record:** Check criminal records wherever an applicant has lived. Minnesota BCA records are incomplete and include only the more serious crimes. Consider paying extra for county level searches that include less serious crimes.

Check Identification: Carefully compare the information on the application with an applicant's photo ID. Note any discrepancies. People may omit addresses or misstate names, addresses, or birthdays in an attempt to cover up their past.

Written Lease: Use a written lease. You are required to do so if the property has 12 or more apartments.

Limit Number of Occupants: Having additional people at a property causes extra wear and tear. Consider limiting the number of occupants that are permitted. However, be aware that "families" are protected by discrimination laws. If an applicant has children in the household, a strict standard for number of occupants may be illegal. A standard of two persons per bedroom is common.

Unauthorized Occupants: Do not allow anyone you have not screened and approved to move in. It is not uncommon for someone with a poor record (especially a criminal record) to try to avoid being screened.

Discrimination: In Minnesota, it is illegal to discriminate on the basis of race, creed, color, national origin, religion, sex, sexual orientation, marital status, familial status, status with respect to receipt of public assistance, or disability. Some cities have designated additional protected classes.

Security Deposits: Within 21 days of the termination of a tenancy, you are required to refund any security deposit you hold that is not applied to unpaid rent, damages caused by a tenant or other purposes allowed by law. You are also required to pay interest on any security deposit you have held. Check the MHA website for a schedule of interest rates owed by time period.

Know Your Residents: Be aware of how your residents behave. Monitor police reports provided by the city.

Visit Your Property: Rental real estate is not a passive investment. You need to be available for emergencies and problems at all times. Visit and inspect your property often, even if it is 100% leased. Only by visiting often can you know what needs your attention.

Maintain Your Property: Keep up your property. Desirable residents will not live in a poorly maintained property.

Rental Licenses: Many cities require that anyone renting out a house, condominium, or apartment (even if you have only 1 unit) have a rental license.

Condos and Associations: Some condominium and homeowner associations restrict or prohibit owners from leasing to others.

Employee Criminal Records: In Minnesota, it is illegal for any employee with certain criminal convictions to have access to keys. You are required to check the criminal record of any employee having such access. For a copy of the law see "Koskinen" in the resource section on next page.

Lead Paint: Housing built before 1978 may contain lead-based paint. Before renting pre-1978 housing, you must disclose to the applicant the presence of known lead-based paint and/or lead-based paint hazards in the dwelling and provide a lead-based paint pamphlet. You can get copies of the federally-mandated disclosure statement and pamphlet from HUD or MHA.

Smoke and CO Detectors: Make sure that you have functioning smoke detectors at your property. Carbon monoxide detectors are or will be required in most houses, condominiums, and apartments.

CRP: By January 31st of each year, you are required to give a Certificate of Rent Paid to each of your residents from the prior year. Forms and instructions are available on the Minnesota Department of Revenue website.

Undesirable Residents: Even with careful screening, you may occasionally have an undesirable resident. You have the right to not renew the lease or to end a month-to-month tenancy.

Evictions: If a resident does not pay rent or has otherwise violated the lease, the only way a landlord can force him or her to leave is by bringing an eviction action in court. It usually takes about two weeks to evict a resident. It is illegal for a landlord to otherwise force a resident from the property (e.g. changing locks, shutting off heat). It may be quicker and easier to make a deal with the resident to leave voluntarily in order to avoid an eviction.

Collecting Past Due Debts: You may collect for unpaid rent and damages by bringing a case in conciliation court. Conciliation court judgments are currently limited to \$7,500. Alternatively, you may turn over your claim to a collection agency, who will attempt to collect the debt on your behalf in exchange for a percentage commission. A list of member collection agencies is available on the MHA website.