

How to Protect Your Rental Property Investment

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Purchasing, improving, and managing a rental property, no matter how large or small, is a big job. It's a large upfront investment, and it takes time, energy, and money to protect and maintain it. From the beginning, you want to make sure you're making wise choices as a business owner and rental property owner, and that begins with setting goals and taking steps to achieve them. Here are our top four ways to protect your rental property investment.

Get the Right Insurance

Homeowner's insurance, renter's insurance, and landlord's insurance are all very different, but so are the different policies and plans within each type of insurance coverage. Talk to a trusted insurance broker or agent to ensure that you have the right coverage for your specific type of rental property and whatever needs come along with your property. Also decide if you'll require renters to carry their own renter's insurance policy and what you will require from them in that. Whether you're renting out a single home for long-term or short-term, or if you own a multi-unit rental property, your needs will vary and your insurance should meet those needs.

Focus on Safety

Safety is huge in any rental property--both for you and for your tenants. There are legal requirements regarding repairing and maintaining the physical space of your rental properties, but it's even better to go above and beyond to ensure it is as safe as possible. This includes the physical structure of your property, as well as the grounds and surrounding areas. One way to maintain a focus on safety is to reduce the likelihood of crime by improving security and screening your tenants for criminal backgrounds. It is one thing to improve security against outsiders, but you welcome a whole new level of security challenges when you allow someone with a criminal history to reside in your rental property.

Be Prepared for Emergencies

In the event of a natural disaster, severe storm, or another unexpected emergency, you want to ensure that your tenants and physical property are both safe and secure. Prepare your tenants and property for unexpected events by having evacuation and emergency plans in place and posted (if possible and applicable). Make sure tenants know where fire extinguishers and utility shut-offs are, and be prepared with extra flashlights, batteries, space heaters or fans, and even generators. If an emergency does occur, you want to keep everyone and everything safe while still maintaining and running your business efficiently, so put whatever you need to into place in advance so you are prepared for anything.

Be Smart with Your Business Practices

Making wise business decisions and being consistent in your business practices is key to not only the success of your business, but also in maintaining your investment in your rental property. Create and enforce rules evenly across all properties, tenants, employees, residents, and so on. Always have tenants fill out an application and make sure you're screening every individual who will reside on your property, even if they

are a family friend, relative, or acquaintance of any kind. You don't need to sacrifice business practices and tenant quality in any situation, so make sure you're being as smart as possible with every decision you make.