

## Are rentals right for you?

Contributed by Tim Ballering  
Monday, 26 March 2007  
Last Updated Monday, 26 March 2007

So you want to be a landlord, grow your existing property holdings or do a better job with the properties you already own.

"  
Landlording is not a spectator sport"

### Some Basic Truths

If you want to sit  
back, relax and make a million dollars before the year is over keep  
buying those Lotto tickets cause that ain't happenin' here.  
A lot of people stay up way too late at night, buy an expensive book  
or "course" they saw on TV and promptly find themselves  
with financial, personal and legal problems.

Don't: invest  
in neighborhoods that you are not comfortable in.

Many years ago a  
guy I used to work with called me up. "Tim, are you still in rentals?"  
Yes. "Well I was offered this great deal and wanted your opinion."  
He went on to tell me how he received a cash distribution from a profit  
sharing account when he changed jobs. Shortly afterwards someone had  
offered to sell him six duplexes for \$50,000 on the near northside of  
Milwaukee.

One paper this deal  
rocked. Pure cash flow. All of his investment back within a year. He  
would have been a fool to pass it up. Or would he. I told him "Jim,  
I'll tell you what. Go down to the properties tonight after work  
and inspect the basements." He responded by questioning my sanity.  
He perceived the area to be too dangerous for him to be in after dark.  
"I'll get killed" he exclaimed. So I asked the next  
logical question "Who is going to do your maintenance."  
Why he was, of course. "OK, Jim now you work during the day. Are  
you going to leave your tenants without heat from Monday morning to  
Saturday or are you going to take a day off work every time something  
needs fixed?" Fortunately for him he passed on the deal.

Don't: invest  
without knowing the laws.

I came into the office Tuesday morning around 7:30 am. The phone rings. My secretary tells me that the guy on the line had called three times in the twenty minutes she has been in the office wanting desperately to talk to me. He wants to sell some rental houses –TODAY.

Seems he went to a get rich quick seminar a few months prior and picked up three properties. Well the tenants in one of his five units didn't pay the rent for over a month. So the Friday night before he called me he went over to the property, found not only were they not paying the rent but they had also broken a few windows.

So Rick examines the situation. They hadn't paid and they were destroying the place. Time for them to leave. He goes in and tells them, as they hadn't paid rent they weren't tenants. "Time to go" he shouts as he pushes them out to the street. He changes the lock and as he is finishing putting their trashy furniture out on the curb the police arrive. He is arrested and spends the weekend in jail, but only after he is forced to turn the key to the new lock over to the non-paying scoundrels.

So after he gets out jail he calls me. He had put twenty percent, \$15,000, down on the properties just three months ago, but if I would just take over the mortgage they were mine. And could we do it today. Please

August  
2001 USA Today article on Real Estate investing

Journal  
Article on Rental Ownership and the Milwaukee  
Landlord Training Program