



# The Accidental Landlord's Guide to Success

GUIDE:

From Stress  
to Success







## Introduction

Find a great income property, purchase it, and rent it out. It's every landlord's recipe for success. Owning rental property can be a great way to generate cash flow returns while growing your wealth long-term.

But surprisingly, not every landlord ends up in this position by choice. Some end up owning rental property—accidentally.

Approximately [24% of rental owners](#) today identify as accidental landlords. While most people make the conscious decision to own and invest in property, others find themselves in this position unexpectedly.

Once this happens, it can become a stressful situation to handle if you're unprepared. However, there are some simple ways to turn this stress into success. The good news is that if you already own a rental property, then you're that much closer to generating cash flow and reaching your long-term investment goals.

In this guide, we'll take a look at what you can do to set yourself up for (easy) success as an accidental landlord.

## What Is an Accidental Landlord?

An accidental landlord is someone who becomes a landlord without planning for it. Individuals become accidental landlords due to several factors, including:

- When someone acquires a property and they don't live in, usually via inheritance or marriage
- When someone relocates
- When market conditions lead to an individual renting out a property out instead of selling it
- As an emergency plan if someone needs to move overseas for six months or change cities for short-term work placement

Accidental landlords don't consider themselves investors; therefore, they are more likely to own a single-family home or a single unit instead of multiple properties. Some people became accidental landlords during the [foreclosure crisis between 2007 and 2010](#). In this case, they may have planned to sell the property, but were kept out due to market conditions. When housing prices went back up, they could either opt to sell, or continue renting the property out.

According to a report by Robin Young on [Buildium](#), “The accidental landlords who remain in the rental market in 2022 and beyond aren't necessarily the same ones who have been a part of your client base in the past. In comparison with investors, accidental landlords are still less savvy about real estate, less hands-on in running their properties, and more likely to own property for personal reasons.”

So accidental landlords don't have the same experience and inside knowledge that experienced landlords and investors do. Does that mean that they can't find success with rental property? Absolutely not. Today, there are professionals and services available that can help you on your way. And information is available at your fingertips. You can look up laws pertaining to landlords, do competitive research to ensure you're getting the best returns for your property, and take a look at local market conditions.

These days, it's easier than ever to be an accidental landlord, and to find success with your property.







## Everything You Need to Know About (Accidentally) Renting Your Property

Now that you're an accidental landlord, you need to make a plan. You should pay attention to key factors such as the mortgage, insurance, landlord obligations, tax requirements and your rental strategy.

If you are unsure about where to start, this guide will round up all the key things you need to know to protect yourself and your property. In addition, it will show you how to turn the new property into an income-producing asset.

### Preliminary Steps to Getting a Property Ready to Rent

#### 1. Check With Your Bank

If you have an existing mortgage on the house, then this should be the first item on your checklist. To start, you'll want to consult with your mortgage provider to inform them about your change of circumstances, and to gain approval to rent out the property. Failure to inform them could incur a fine or may even be considered mortgage fraud.

Before committing to anything, explore other lenders to determine whether you can remortgage with them on more flexible terms. The mortgage rates and product offerings change constantly so you might find a more competitive deal than the one you currently have.

Depending on the terms and conditions of your mortgage, the lender may allow you to use the same agreement. However, they might also switch to a more expensive option.

Once you check with your mortgage company and agree on the best way to move forward, you can go ahead and prepare to rent your property. If you get a new deal, ensure that you keep up with the payments as stated in the agreement.



## 2. Insurance Adjustment

In addition to the mortgage, your insurance will need to be adjusted to reflect the use of the property. This insurance is necessary to protect yourself as a landlord. According to data, the average cost for homeowner's insurance in 2022 was \$2,305. This varies based on the size of the home, where you live, and the age of the house.

Landlord's insurance is usually 15% to 20% more expensive than a homeowner's insurance policy. Once you become a landlord, you need to confirm these rates and see your new adjustment.

If you already have owner-occupied home insurance, it becomes null and void once you start renting the property. The policies are usually different as well, therefore, before you start shopping, take time to consider the specific things you need to protect against in your rental.

A comprehensive landlord insurance policy should have these core protections:

- **Property Damage:** This type of insurance provides coverage in the event that the house or furnishings suffer from a natural disaster, electric or gas malfunction, fire, earthquake, vandalism, or tenant damage. For this, it's advisable to get a policy that provides replacement costs instead of actual cash value or a predetermined lump sum of cash.
- **Liability Protection:** This coverage comes in handy when you need to cover legal or medical costs if a visitor or tenant suffers an injury on your property. It covers issues like architectural collapse or icy walkways.
- **Loss of Rental Income:** Landlord insurance also covers your property in case it becomes uninhabitable, for example, due to pest infestation, severe mold, or a sinkhole. The insurance provider will provide reimbursement to cover the loss in rental income that you would have received during this period.

Additionally, there are other areas that aren't covered in a general insurance policy. Things such as flood insurance or emergency coverage. Here are a few other areas you might consider getting coverage in:

- Flood insurance, especially if you live in a flood-prone area.
- Emergency coverage to cover sudden costs when you need to make repairs to the building
- Guaranteed income insurance when a tenant doesn't pay rent or comes short.
- Additional construction expenses when you need to bring your rental property up to code after damages.

Although your house is unfurnished, it has fittings that need to be insured. To determine the exact scope, you can do an inventory of the property and identify the key things that need to be covered. This will protect you and the tenants from misunderstandings in the future in case any of you needs to prove a claim. You can instruct an experienced third-party to conduct a detailed written and photographic account of your property's fittings.

It would also be wise to advise your renters to take out their own insurance policy. Your insurance policy won't cover their belongings or offer them any coverage or protection. A renters insurance policy will offer them coverage in the event of a disaster, theft or loss.



### 3. Know Your Obligations

If you just became an accidental landlord, there are multiple state laws and legal obligations you need to follow as you manage your property. While some of the laws might be obvious, you'll need to research others to ensure that you abide by all the requirements and guidelines for you as a landlord.

Major federal laws affect all landlords and property managers, such as the [Fair Housing Act](#) and the [Fair Credit Reporting Act](#). The Fair Housing Act prevents landlords from marketing their rental properties to certain people and prohibits discrimination against renters based on color, race, origin, religion, gender, or disability. This is something that most people wouldn't do intentionally, but you'll want to ensure that you're not unintentionally treating your renters unfairly, so make sure you familiarize yourself with this legislation.

You'll also want to review the [Fair Credit Reporting Act](#), which lays out the ways in which the landlord may use the tenant's credit history during screening.

There are also state laws that [vary based on location](#). These laws dictate the rights and responsibilities of landlords and tenants, the lease terms and conditions, eviction guidelines, security deposits, and more.

To determine your obligations as a landlord, here are some other factors to consider:

#### Gas Safety

[Most homes in the U.S.](#) use gas to keep the house warm. However, gas can be potentially dangerous. [Gas explosions are prevalent](#) in the U.S leading to extensive injuries and damages.

Therefore, as a landlord, it's your responsibility to ensure the safety of gas supplies, appliances, and installations in your property before renting it out.

Here are the key landlord obligations with regards to gas safety:

- **Inspections:** Have all the gas installations maintained according to the set safety standards. To do this, you should organize an annual inspection with a professional to confirm that the gas appliances don't have any leaks that could affect your building or tenants. Remember that failure to organize an annual inspection could invalidate your landlord's insurance policy.
- **Maintenance:** Ensure that you maintain and manage all the gas appliances and pipework safely according to the manufacturer's recommendations. Follow the guidelines provided and constantly check to confirm that everything is in order.
- **Keep Records:** As a landlord, you should also keep records of all of your gas safety inspections.

#### Electrical Inspections

As a landlord, it's also important to do regular electrical inspections. These inspections are usually comprehensive checkups of the electrical components, covering everything from outlets and the fuse box to the ground wire and internal wiring.

Landlords are required to ensure that electrical appliances are safe for tenants to use. In most cases, annual inspections are recommended for insurance purposes. However, they are not mandatory unless you are renting your property to a new tenant. In this case, you'll need an inspection to address any wiring issues that might have occurred with the previous tenant.

Some states require landlords to organize electrical inspections every few years, especially if the property has multiple occupants. Landlords should provide a copy of the electrical safety report to the local authority and tenants when requested.

Electrical inspections can help to ensure that all precautions have been taken to prevent damage to the tenants' property and injuries to the tenants. Often, insurance companies will want you to take these steps as well to mitigate the risks of claims.





Here are the instances when you should do electrical inspections:

- Before you rent a house: You should confirm that there's no faulty wiring before renting out the house. Contact an experienced electrician to book an inspection.
- After major renovations: You might need to renovate before renting the property. Once this gets done, have the electrical system assessed to determine what needs to be replaced or removed.
- If you are renting an older house: An older house is most likely to have some electrical issues. Have the house inspected and make updates to lighting and appliances.

An electrical inspection will help you avoid potential hazards, save you money, and improve safety standards.

### Routine Inspections

Routine property inspections are important as well. There are different kinds of inspection but generally speaking, landlords should do an initial inspection before the tenant moves in, documenting the condition of the property. This includes taking notes, photos, and video. Another inspection is done when the tenant moves out to identify and address any damage that was caused by the tenant. Other inspections are general inspections that can be done when the tenant is living in the property, such as inspections for seasonal maintenance.

During the inspection process, the landlord needs to ensure that the rental unit is in good condition. If there are any problems, they should be addressed immediately. Apart from the landlord, inspections also protect the tenants. It ensures that the rental experience is seamless for all parties and reduces the risk of liabilities.

As you prepare for the inspection, you need to have a checklist. The checklist is usually modified to accommodate different types of properties. Here are the common features in a unit that need to be inspected:

- Doors
- Window locks and coverings
- Lighting fixtures
- Flooring
- Dishwasher
- Refrigerator
- Stove/Oven
- Fire extinguisher
- Plumbing (tub, sinks, toilet)
- Bathroom surfaces
- Smoke alarm/carbon monoxide detector
- Closet
- Heating
- Stairs
- Air conditioning
- Deck or patio
- Storage spaces
- Garage
- Washer and dryer
- Walkways



There are different types of [routine inspections](#) that may need to be performed from time to time, but here's a look at the three main types:

- **Move-In Inspections**

A move-in inspection occurs before the tenant moves into the property. As a landlord, you can use this to evaluate and verify the property's condition by checking the appliances, flooring, plumbing, and other areas.

Have a [move-in checklist](#) to document the current condition of the home. This will help you in holding tenants accountable for any damages that will happen during their tenancy. If you uncover any issues, such as stains and damages on the building, take a picture and plan to fix them before the renters move in. By documenting the pre-existing damage, you'll reduce the likelihood of disputes related to the security deposit later on.

- **Move-Out Inspection**

As you plan the [move-out process](#), you need to schedule an inspection. This move-out inspection is conducted once the tenant moves out of the property. You can use this inspection to note any damage that has occurred to the property. Your move-in inspection checklist can help identify any issues that were not pre-existing.

Additionally, you can use the inspection to determine the charges you need to assign to departing tenants. For instance, if there are stained carpets or broken cabinetry in the house, you can deduct the cost of the damages from the security deposit. You should notify the tenant of these charges within a specified period of time in accordance with the local renting laws.

When the damages exceed the security deposit, the landlord can send an invoice to the tenants. If the tenants fail to pay, the landlord can then take them to court. Having proper inspections and documentation can greatly help your case.

- **Routine General Inspections**

These are inspections that are carried out twice a year or annually. They help keep an eye out for potential repair issues but are also an opportunity to check in with your tenants and determine if any maintenance issues need to be addressed. Additionally, routine inspections can help you spot any arising issues like lease violations.



As you perform your yearly inspections, you shouldn't just walk into the property. You need a proper plan to help you identify all the issues. Here are the key factors to consider as you prepare for the inspection.

- Check the local and state laws to see the notice period you need to give the tenants
- Talk to your tenants to arrange for the inspection when they are present
- Draft a checklist for all the things you plan to inspect
- Take note and document any issues or damages you find on the property for your inspection report
- Take photos of the areas of concern
- Follow up on the necessary repairs





## Repairs and Maintenance

According to a survey, [62% of landlords](#) cited maintenance as one of their biggest pain points. However, despite this, repairs and maintenance are essential if you are planning to rent out a property. It's your responsibility as the landlord to take care of repairs and maintenance.

Your tenants might also send in maintenance requests if they have any property issues that you need to fix as soon as possible. Here are some key things you need to factor in for this task.

**Plan Ahead:** If you are handling the properties by yourself, you need to have a plan on how to respond to maintenance requests. When you plan ahead, you can easily respond to tenants and take care of the repair and maintenance requests. Additionally, you should indicate the process tenants should use to notify you and the time you'll take to respond.

- **Have a List of Contractors:** Some repair and maintenance requests might come in suddenly; therefore, it's good to have a list of local contractors in your city or area, such as a plumber, electrician, and other professionals. With this in place, you can get issues addressed much faster.
- **Have a Budget:** Once you have a plan, you need to draw up a budget. Most repair and maintenance requests might be unexpected, so it's advisable to have some funds set apart in case the plumbing system or heating system has a problem. You won't need to spend out of pocket when you have a budget for this purpose.
- **Understand the State Laws:** Most states have clear laws on how landlords should respond to issues and keep the property safe and habitable. Ensure that you know the law that covers your area regarding repairs and maintenance to avoid legal issues. The law covers key issues such as electricity, heating, clean running water, weatherproofing, and proper sanitation.
- **Establish Contact Procedure:** As an accidental landlord, you need to plan for emergencies. Provide your tenants with a phone number or email to contact you in case of an emergency such as a leaking roof, leaking gas, or electric and heating issues. To make things easier, you can classify the emergencies and non-emergencies in the lease agreement.
- **Preventive Maintenance:** You can reduce maintenance requests by scheduling regular repairs and inspections on the property. For instance, you can have a checklist for rental maintenance to be done during fall and before the summer and winter seasons to reduce the overall repair and maintenance costs.

Unless the tenant has caused the damages or there is something else outlined in your rental contract, the landlord is usually responsible for most repairs and maintenance tasks on a property.



## Security Deposits

**Security deposits** are given to the landlord at the time of move-in. It is used as security during the tenancy period and can also be used to pay for property damages.

Typically, upfront **security deposits are usually one-half to two months' rent**. State laws outline how much you can charge. They are paid together with the first month's rent before the lease signing. Every state has its own laws that stipulate whether a security deposit can be used to cover the final month's rent when the tenancy period comes to an end. In some cases, the landlord can allow the renter to use the security deposit as the final rent.

## Know Your Income Tax Requirements

Now that you are making an income out of a property, your annual tax requirements will change, and you might qualify for some tax deductions. The **IRS defines rental income** as, "any payment you receive for the use or occupation of a property." This might be your first time paying tax on rental property; therefore, you might need to consult a tax professional to guide you.

Your rental income includes the following:

- Rent collected from the tenants
- Security deposits (the portion that you kept for damage or unpaid rent)
- Any expenses paid by the tenant that were reimbursed by you
- Tenant services traded for money

The other advantage is that the IRS offers landlords several deductions to offset the income. Here are some of the expenses you could deduct from the rental income:

- Depreciation
- Repairs and maintenance costs
- Mortgage interest: Interest from mortgage payments can be deducted.
- Travel costs: This includes travel to and from the property including gas or airfare.
- Some property taxes
- Insurance premiums
- Professional fees like property management and legal fees
- Utility bills like electricity, recycling, water, and fuel
- The **IRS also allows landlords to deduct improvements** and upgrade costs like landscaping, flooring, a new roof, or a security system (although these may not be 100% deductible in the year that the expense occurred)







### Plan Your Rental Strategy

In business, having a plan [can improve your chance of success by 30%](#). When it comes to running a rental property, the same principles apply. It's a good idea to treat your investment like a business, to help ensure that you get the returns that you're looking for.

Your first step should involve researching the local rental prices in your neighborhood and city. Look at properties that are similar to yours and see what the average price is for a similar property in your area.

Next, you'll want to outline what your projected expenses are, and subtract them from your projected cash flow to see how much you'll be making on the property. From there, you can figure out the percentage that you'll be making as a portion of the property's value, and determine for yourself how much you'd like to be getting to make the investment worthwhile. If you find that it's falling short of your expectations, it may be better to consider selling the property, rather than renting it out. [See: How to Run an Investment Analysis on a Rental Property](#)

Once you figure out the pricing, you need to market the property to attract tenants to your rental. The best option is to get the word out online through property listing websites and portals, but you can also use word of mouth, or just put a sign in the yard the old-fashioned way.

# Renting Out Your Property

## Get Your Unit Rental Ready

Once you have all the necessary information and strategy in place, you need to get your property ready to rent. Your house might need maintenance, repairs, touch-ups, and inspections before it's ready for tenants. Conduct a comprehensive inspection to confirm that all the fixtures in the house are in good condition. You can also fix the problems that appear during the inspection.

Whenever possible, try to schedule all of the repairs and maintenance before tenants move in. You can [do the repairs yourself](#) or contact a professional to fix them. Ensure that you note any issues and take photos to document the condition of the house. You can compare these photos once the tenant moves out in case there are new damages.

You can work on upgrades if your property is old to make it more desirable. In addition, you can hire a professional cleaning company to clean the entire house, or update dated fixtures and worn carpet. A fresh coat of paint can work wonders in making a place feel like new. You could also consider hiring a professional landscaper to trim the trees, pull out any weeds, and ensure that the lawn is well-manicured before prospective tenants start viewing the property.

## Organize Your Paperwork

To rent out your home, it is important that you have your paperwork in order. These important documents protect you, your property, and the tenant. One of the key documents in the rental business is a lease agreement. This agreement is a legally binding written contract that a renter and landlord sign when a tenant rents a commercial or residential property. It outlines the conditions and terms of a tenancy and includes the rights and obligations of the landlord and tenant.

To avoid conflict, the lease clearly states [who is responsible for what, and outlines responsibilities of the renter and landlord](#). Your lease should also state whether the property will be a long-term lease agreement, or a month-to-month tenancy. Renting the property on a month-to-month lease is often the best option if you're looking for flexibility. If you or your tenant need to end the lease, you will only need to give the required notice (usually around 30 days). Since the lease is a legal document, it's best to hire a professional to draft one or an attorney to guide you on how to proceed.

## Find the Perfect Tenants

As a landlord, you want to keep your vacancy rates low.

You can find tenants for your property much more quickly by following these tips:

- Charge competitive rent (not too high, or too low)
- Create a comprehensive listing (details and clear pictures)
- Upgrade outdated appliances and fixtures in the home
- Consider allowing pets

While these tips can get you tenants much quicker, you also need to find the right ones. One of the ways to achieve this is by screening tenants. During the screening process, consider factors such as stable monthly income, good credit score, clean eviction record, steady employment, and positive references. This information will give you a clear picture of whether the tenant is a good fit for your property.

Additionally, it would be best to look for tenants that meet your needs as a landlord. Have some stipulations in place that potential tenants need to abide by as long as they live on your property. Although it might take a lot of time to get the right tenants, it's better than having issues.

This goes without saying, but if you choose to hire a property manager, you can sidestep all of the work involved with tenant sourcing and screening. They'll be able to handle it all for you and ensure that you end up with a qualified tenant in your property.

## Line Up Contractors

Before allowing a tenant in your property, you need to find reputable contractors you can call in as needed. This can be plumbers, electricians, or general contractors. Since it's your responsibility as the landlord to take care of repairs and maintenance, you must have some contractors on call to fix issues as soon as they arise.

Keep in mind that some of the property issues might be an emergency, so they must be sorted out quickly. When you have a list of contractors on call, you can conduct repairs much faster as soon as the tenant reaches out.

Of course, if you hire a property manager, this is just one more thing that they can take on. They'll be able to arrange for repairs and maintenance, as well as inspections for you.



## Property Management

When you become an accidental landlord, you might not have experience managing a property, and you may not be interested in all the responsibilities that come with it. Likewise, you may live a considerable distance from the property, or may simply not want to spend your weekends doing maintenance or repairs at the property. The good news, though, is that you don't have to go it alone. You can outsource the work to a reputable property management company, who will be able to come alongside you and help with all of the day-to-day responsibilities and the bigger tasks as well.

A [property management company](#) can help you receive tenant calls, organize property viewings, and market the property to attract tenants. In addition, they can help to ensure that each applicant is screened carefully and fairly. This increases your chances of getting qualified applicants with no hassle.

They can also follow up on rental payments to ensure the renters pay on time. The company can be the intermediary between you and the tenant for easier management all around. Many landlords find that it's the best and most straightforward option.





## In Conclusion

Accidental landlords get into the business without planning for it. But that doesn't mean that you don't have options. Far from it! Owning a rental property gives you excellent options. You can choose to rent it out and generate cash flow while your property (in the right market) appreciates in value long-term, or you can choose to sell it if you prefer. It's entirely up to you. That's the beauty of owning rental property.

Set yourself up for success by doing your research up front, and if you prefer, laying the groundwork for your property to operate independently of you. With this approach, you'll be able to sit back and let the rent roll in, without having to stress about any of the details. It's a win-win situation and something that many landlords today, accidental or otherwise, have found as an ideal solution.

Looking to run the numbers on your property to see if it will generate the returns that you're looking for? Be sure to check out: [Running an Investment Analysis on a Rental Property](#), to see how yours stacks up. You can also take a look at our [Research Center](#) to find information on the local market, including house appreciation, employment figures, population growth, and more.

Finally, see how much you could be getting for your property. It's fast and easy with the [Renters Warehouse FREE rental price analysis](#). Get started today!