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The Downside of Being a Landlord

It's 1am and your cell phone is ringing. It's one of your tenants. A call at this hour, they're not calling to say hi. There's a major problem. What could it be?? You reach for the phone with a pit in your stomach. Another day in the life of a landlord, right?

Being a landlord is a great way to go for a lot of reasons. A proven way to build wealth, passive (most of the time) and tremendous tax benefits. But what about the downside? Those late night calls, the unexpected expenses, the vacancies, the nonpaying tenants?

A good client of mine, longtime landlord, calls these things "brain damage" and he's right. They suddenly consume your thinking, steal your focus and over time, wear on you. No doubt. The hits are coming, and they will keep on coming. It's a fact of landlord life, you can't change it.

What you can change is how it affects you and how you'll deal with it. That 1am call is coming. The question is - How will you handle it?

Maybe YOU won't take that call, rather you'll run your properties more like a business and have a 24 hour answering service that can take the call and handle it. If it's a plumbing issue - they'll get the plumber. If they're locked out - they'll get the locksmith. All while you're hopefully sleeping soundly.

Maybe you don't want the expense of an answering service or "on-call" plumbers. If that's the case then, **you'll need to adjust your attitude.** Instead of seeing it as a disruption, be grateful. Back when I had a lot of residential rentals, I used to ride around with a plunger and a tool box in the back of my truck. When I got those 1am calls, I ran to them with a smile. In my mind, I wasn't clearing clogged drains in the middle of the night, I was "keeping the money machine running", and at the beginning of the next month when the rent checks all arrived, that was my proof that the machine was still working. At that moment, I was the highest paid plunger operator in town!

It's just mind over matter. Your perspective. Do you have to be crazy? Maybe a little. But the upside far outweighs the downside. That's just my humble opinion.

More importantly. What do you think? How will you handle it? Are you ready to be a wealthy plunger operator? If not, then maybe it would be best to find a different way.

*Attorneys for landlords
and active real estate
investors.*

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*"We can change our lives.
We can do, have and be
exactly what we wish."*

Tony Robbins

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More Info?

Interested in hearing more about us and if we might be a good fit you. Here's how:

1. Give us a call at the office at 631.669.6300 and schedule a call with Jim Clark.
2. Send me an email at jclark@clarkslaws.com.

CLARK'S LAWS PC focuses exclusively on representing landlords and active real estate investors. We help clients reach their real estate investment goals, and seasoned investors preserve and enhance their real estate assets.

James E. Clark, Esq. is the principal and founder of the firm.



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Jim Clark Family & Investment Update

Put this one in the "do as I say, but not as I do" category. . . It smelled like mildew and feet. I couldn't see the hand in front of my face, but I could hear water dropping from the ceiling into puddles in the distance and the sound of glass breaking under my feet with each step. Finally, the broker reached me with his extra flashlight, so I grabbed it and shined it all around.

There I was, standing in the middle of a sea of used hypodermic needles, wearing flip flops and shorts in a huge abandoned warehouse in the middle of one of the roughest neighborhoods of Northeast Philadelphia. "What a wrong turn my investing had taken," I thought.

It was late 2008 and I was walking through a cavernous structure which spanned a whole city block. I just bought it for a song by satisfying the unpaid water bill. The place was at the center of one of the largest open air illegal drug markets in the eastern United States. The drug dealers have been using this structure for years to stay out of sight of the police helicopters watching from overhead. There were heroin addicts camped out in various corners of the structure in makeshift tents and cardboard boxes. They had made this their home. "What did I get myself into?" I thought.

Financially, the deal was a no-brainer. I bought the property for less than the resale value of the steel roof structure alone. The neighborhood was at rock bottom, but the surrounding areas were steadily improving. At a personal level, however, I felt as if I was way out of my league.

I couldn't resell this property in its current condition, and I would not walk away from my investment. I was trapped. I either had to make it work, or lose it all. But how??

When I drove onto the block for the first time and stepped out of my truck, I noticed that people were fleeing, running indoors, or getting in their cars and speeding away. It was as if a bomb was about to go off. I asked the broker, what was happening. He said, "They think you are Fed, as in FBI. People that look like you don't come to this neighborhood unless they have a badge."

The broker was a local resident and a former "guest" in the City jail, so his perspective was very relevant at that moment. He said, "The primary economic driver in this neighborhood is the drug trade." Later on, I took the broker to lunch, and we spent the next few hours speaking about the intricacies of the local drug trade - the "business" of the dealers, how the police work the neighborhood and how regular law-abiding families live in the neighborhood side-by-side with this type of criminal activity. We also took a ride through some adjoining neighborhoods where the drug trade used to operate to see the positive affects on the real estate market after they left.

The whole situation was surreal. I quickly concluded that: (1) the drug trade would have to go, and (2) I couldn't do it alone. So I partnered up with some locals, street guys - they handled the "neighborhood" relations and I worked the local beat police officers and City Councilman.

Together we formed an alliance with the police to give them a beachhead from which to conduct their anti-drug operations, and my local "street" militia went toe to toe with the drug dealers with the support of the police, and one by one pushed the dealers back block by block. They also rounded up the addicts and vagrants living in the structure and got them into shelters and rehab facilities. We also rehabbed a couple of the houses where law-abiding residents lived with their families, free of charge, in exchange for them being our eyes and ears when we weren't around.

Old habits die hard, and so for the two years, each time we cleared the property our crews would get back to work rehabbing the building for a couple of weeks and then the bad elements would return, break things etc. and then we'd drive them back again. Back and forth for years until the building was done, new tenants moved in and a permanent police sub-station was placed on the corner of the property. What an ordeal - costly, physically and mentally draining, but it got done.

Now, several years later, the neighborhood is clean, and the building's value increased ten-fold. I'd never recommend this approach, but I'd also never have traded the experience, and the lessons learned.

-Jim Clark