



Property Management/Rentals FAQ

Q. Will I need to change my insurance?

- A. Yes. You will need to change your current *homeowners policy* to a *dwelling fire policy* which protects you – and your mortgage company from financial loss from damage to the building itself from fire or other peril.

You will need to purchase a separate liability insurance policy which protects you from financial loss if anyone sues you because of an injury which occurs at the property – such as injury from an appliance or faulty wiring. We also ask that you name HPE, LLC as an additional insured on your liability policy. Most insurance companies have what is referred to as a “property manager endorsement” and there is generally no additional cost to you for adding this coverage.

In most cases, your insurance company will require that you carry a homeowners policy or rental policy on your primary residence with the same firm as your dwelling fire policy. They will then amend the coverage of your primary policy to include liability coverage on your rental property. If you do not have insurance on your primary residence – for example if you are living on ship or with another family member – you will need to purchase a commercial landlord insurance policy. In most cases, this will be more expensive than just purchasing a renters policy, but the coverage may be more comprehensive.

Please keep in mind that each insurance company has different policies and pricing structures, so you should contact your insurance agent for specific details on your policy.

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Q. Will my insurance cover damage by tenants?

- A. No. Your Dwelling Fire Policy will protect your property from fire and storm damage, but does not cover it against damage by tenants or their guests. Nor does it generally cover the theft of personal property you have left behind for use by the tenant during the rental period, such as appliances and lawn mowers, etc. However, each company's policies are different, so you should consult your insurance agent for specific details about what is covered by your policy.

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Q. Should I allow pets?

- A. The decision of whether or not to allow pets is a very personal one. Pets, even small ones, can do considerable damage to a property. If your property is located within a Community Association, we may face additional limits from their rules. In addition, some breeds of large dogs are prohibited by some insurance companies.

However, a large percentage of tenants own pets, so completely prohibiting pets can mean that you are turning away a large number of potential tenants. In addition, pet owners may be more likely than non-pet-owners to overlook older carpet. If you choose to allow pets, we recommend against allowing puppies and kittens, since they are too young to be properly house-broken. In addition, in most cases we require that the pet be one that has been with the family for some time and which we can obtain a reference for from a previous landlord.

To ensure that they will be financially able to pay for any damage that the pet causes, we will scrutinize the tenant's credit even more closely than normal. And we collect a non-refundable pet fee which is paid to you as compensation for the added risk that you are accepting.

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Q. Who pays for utilities during the lease?

- A. Tenants are normally required to set up accounts directly with utility providers and to pay for all utilities during the lease term, including storm water management fees. However, in some cases, such as duplexes which have a common water meters, and condominium units in which water and sewer are paid by the condo association, these utilities would be included in the rent price. Until tenants are found for your property, and during vacant periods between tenants, we will normally connect utilities in your name so that contractors can perform necessary maintenance, and so that there is heat in the property during the winter months to avoid frozen pipes.

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Q. Should I obtain a termite policy on the property?

- A. YES! In the DC Metro area, because of the high water table, we have a high rate of damage from termites and other wood-destroying insects. Therefore, we STRONGLY recommend that you have your property inspected for termites before you leave and that you consider purchasing an annual termite contract.

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Q. I have a steam cleaner. Why must I have the carpets professionally cleaned when I move?

- A. Each tenant will be required to have the carpets professionally cleaned when they vacate the property. To ensure that the carpets have been cleaned as well as possible, we require that your tenants hire professional carpet cleaners. To further ensure that the quality of the work, and to ensure the carpet cleaners will guarantee their work if problems are discovered after the next tenants move in, we require the tenants use only approved carpet cleaning companies. So that this requirement can be enforced against your tenants, we ask that the carpets be cleaned in the same manner when you turn the property over.

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Q. I have never used the fireplace, must I still have it cleaned when I move?

- A. Chimney fires represent a major liability to property owners. When certain types of wood are burned, creosote builds up on the chimney walls which could cause a fire. To reduce liability to you as a landlord, we require that you have the fireplace cleaned when you move-out. If you have not used the fireplace, you can have the fireplace inspected which will cost less. Each tenant will be required to do the same when he or she vacates the property.

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Q. Which appliances should I leave behind?

- A. Most rental properties in DC Metro area include a refrigerator, stove, and dishwasher. Therefore, not having one in YOUR property will make it harder to find tenants.

Washers and dryers typically are not included in most rentals. However, if your property requires a stackable washer or dryer, you may need to provide them, since tenants are less likely to own ones that will fit in this space.

Also, if the washer and dryer hook-up in your property is located on the second floor, it may be a good idea to provide a washer and dryer. This will reduce the chance of damage to your property from tenants moving the heavy washer and dryer up a flight of stairs. It will also reduce the risk of a faulty washer hose causing a leak on the second floor that could come through the ceiling downstairs.

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Q. Can I restrict the number of children who are allowed to occupy my property while it's rented?

- A. We are required to comply with all federal, state, and local fair housing laws which make it illegal to discriminate in the sale or rental of property based on any of the following protected classes: race, color, religion, national origin, sex, handicap, familial status, or elderliness. Landlords are allowed to place reasonable restrictions on the total number of occupants in a property, based on the size and number of bedrooms contained in that property, but cannot make distinctions between children or adults when implementing these restrictions.

Q. How long will it take to find tenants for my property?

- A. It is impossible to say exactly how long it will take to find qualified tenants for your property. A number of factors are involved: the size and location of the property, the overall condition of the property, the asking price relative to that of comparable properties in your neighborhood, and the time of year. However, the market time for renting is generally much shorter than the time required to sell the same property, and landlords can usually expect to have tenants within 30 to 60 days. If a property does not rent within this length of time, it is generally a sign that it is overpriced relative to its size and condition.

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Q. How are prospective tenants screened before you sign a lease with them?

- A. All prospective tenants are required to submit a written credit application and are screened to determine their eligibility based on the following factors: previous rental or mortgage history, recent credit history, length of employment and income in relation to monthly rent, and other factors, such as number of occupants in relation to size of the property, size and age of pets. We are required to comply with all federal, state, and local fair housing laws which make it illegal to discriminate in the sale or rental of property based on any of the following protected classes: race, color, religion, national origin, sex, handicap, familial status, or elderliness