

## ABSENTEE OWNERS AND THEIR RENTERS

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Many community associations, as they grow older, find themselves with quite a large number of rental units.

In the recent economy in Nevada, we have had an influx over the last few years by investor's hoping to "flip" their properties and made a huge profit.

This situation brings several problems to most associations. Suddenly there are two groups, or classes, of people living side by side within the community. The social divide in neighborhoods is as hard on renters as it is on the association and the other owners.

In looking at the issues and the way that tenants are treated in most associations, most of the renters would never buy into that community because of the way that they have been treated.

Frequently, comments such as "Oh, the people living in Unit 10 are just renters." Owners forget that those "just renters" generally have the same rights as they do; that is, they can use the pool, tennis courts, party room, etc. The only thing that they cannot do is vote for Directors, but in some instances they are able to vote a directed proxy to carry forward from their landlord on other issues.

Because of this psychological "class" system that seems to develop between renters and owners, strains in relations between the two groups becomes quite common and a general distrust develops. The owners typically feel that the tenants ignore or disregard association rules and regulations and generally are much more disruptive and destructive in their use of the common areas and facilities. One of the most successful approaches to overcoming this problem is to begin to treat the tenants more like owners – get them involved in the community so they hold the same interests and develop the same concerns for the community as the owners should have.

As more "for rent" signs go up, neighborhood relations can be strained causing discriminatory actions by the Board. One renter complained about the following, "When one wheel of our car touches the (landscaping) rocks we get a letter, but another neighbor will have his entire car on the rocks and he doesn't get a letter because he is an owner."

Getting the renters more involved in committee work, inviting them to the association functions and if the legal documents allow it, consider having a renter on the Board of Directors. As I have mentioned too many of you in prior seminars, one of the best Directors that I ever had in my 20 year management career was a tenant. Having a tenant serve on a Committee or Board would give the Board and Management an excellent liaison with that *interest group*. Additionally, if you make sure that renters get all of your

newsletters, bulletins and other forms of association communications you will know that they are at least getting it as some owners don't communicate with their renters.

One of the key problems for the association is that normally no one except the landlords knows who the tenants are. Moreover, the unit owner may be living out of state and has left no contact information other than his billing address. At times, not even that since he has an agreement with his tenant to have the tenant pay the assessments.

The following steps should be taken in dealing with renters and absentee owners:

- Review the impact of renters on your association.
- Review the advantage of an association-provided rental agreement with your board and subsequently with your association lawyer for proposed contents.
- Establish a policy and procedure for renter identification by requiring copies of the rental agreement to be submitted to the association and the management company. You would want to work with your attorney on this as well.
- Involve renters in the activities of the community.
- Send welcome letter, as you do to the owners, when you know of a change in the renter in a property.
- Send invitations to social events to the tenant and the owner.
- Send copies of violation notices to both the owner and the tenant. This activity, though somewhat more expensive, has shown a good response.

The bottom line should be neighborliness. Welcoming all persons moving in, whether owners or tenants, will go a long way towards narrowing this huge social divide created in many of these communities where rental properties are increasing.

The Association can consider an amendment to their documents to limit the number of rentals, but until there is Nevada case law that has been established regarding this issue, this may or may not be the ultimate method of solving the problem. As with any other troublesome issue in your community, consult with the experts and your peers on ways to handle this problem. Ultimately, remember how you respond to rude treatment and treat others as you would like to be treated in a similar circumstance.