How to Build, Protect & Grow Your Real Estate Portfolio in 2021

zibo

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Introduction

Independent landlords are small business owners who took on a big risk to create a better life for themselves and their families. Today, as the current health crisis takes its toll on the economy, many of these business owners are wondering how they'll make their next mortgage payment and navigate this uncertain time.

"Independent landlords are hardworking people trying to generate income for their families and toward their retirement," said Chris Hsu, CEO & Co-Founder, Zibo. "A lot of government aid today is focused on the tenant, which is incredibly important, but landlords also need somewhere to turn."

In this guide, we'll share insights, practical tips, and predictions from our community of landlords and real estate industry experts.

Communicating with Tenants

SHOW TENANTS EMPATHY

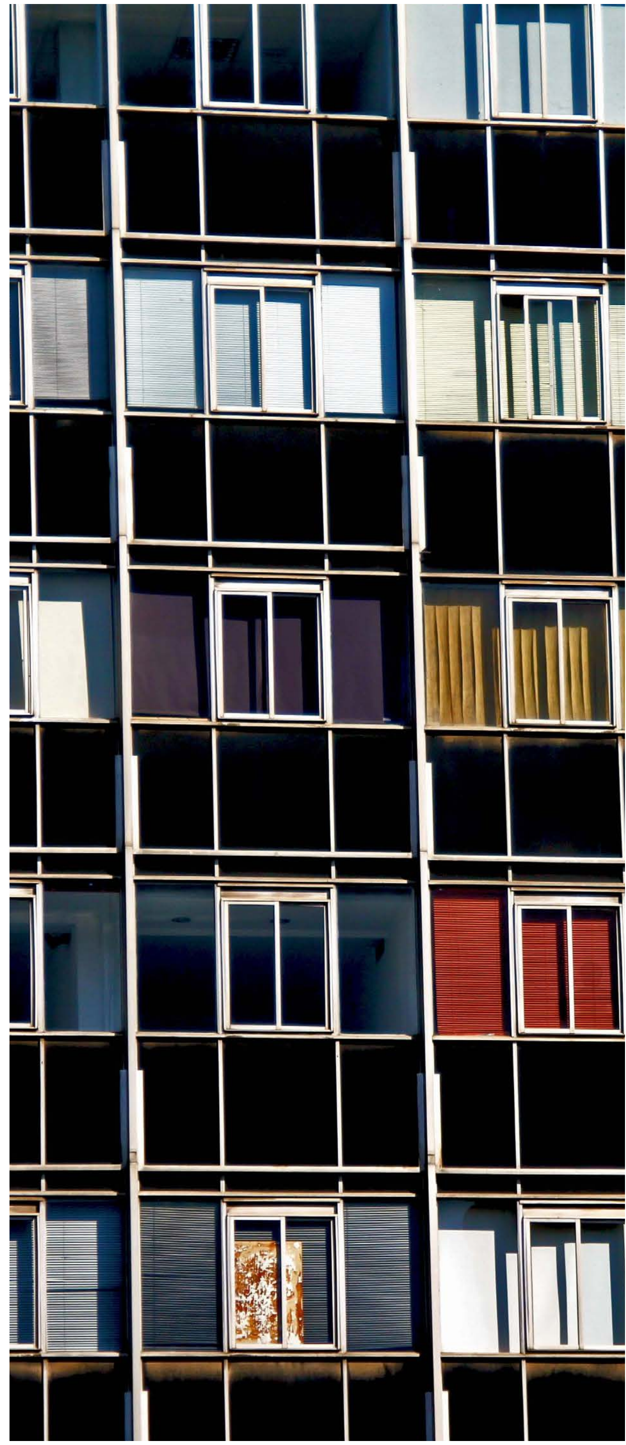
The first thing landlords should do when dealing with tenants today is to have empathy. Millions of people have lost their jobs and are not sure when they'll work again. Avoid being too tough, as that can backfire in many ways—from angry social media posts to rent strikes.

On top of that, eviction freezes and moratoriums on utilities shut-offs early in the pandemic meant that landlords lost the "arrows in their quiver." As a result, the best way to approach conversations with tenants right now is to be humble and demonstrate that you're willing to work with them on a solution.

The more you can appeal to tenants and show them you understand—the more they'll want to continue being your tenant. If you can get them through this crisis by negotiating fair options, your tenants will remember that and you'll have stronger relationships in the long term.

"It's going to come back to communication and documentation. If you're perceived as being a kind person, it'll do well for you in many ways—not just as it relates to tenant relationships, but if it comes down to a legal situation," said real estate CPA Eric Wallace.

"This is not the time to say 'Me, me me!'" said Doug Bibby, President of the National Multifamily Housing Council (NMHC). "We're going to have to work hard and cooperate with our lenders, investors and residents to figure out ways to make it all work."



WORK TOGETHER ON A SOLUTION

Even as eviction freezes expire, landlords might not want to evict their current tenants as it could be challenging to find new ones. Your goal should be recouping some amount of rent from current tenants, explained Deven Munns, tax attorney with KKOS Lawyers.

"Your best bet is to try to talk to your tenant," said Munns. "Tell them you want them to be long-term, and you want them to be able to pay rent. Ask them what you can do to get them in a good situation."

Find out their situation and figure out what amount they can afford to pay. Offer to negotiate—perhaps you collect half the rent for three months, or you can put them on a payment plan. It's better to try to get some sort of payment from tenants, since getting back rents is pretty unlikely.

> Anything you can get now—even if it's a reduced rent payment, will minimize the challenges you'll face in the future.

"There are things you can do to get creative, like delayed or partial payments, where you'll still collect all the rent but the timing may be different," explained tax attorney Matthew Rappaport, Vice Managing Partner at Falcon Rappaport & Berkman PLLC. "These will be seen as good faith attempts to work something out if it comes to litigation."

If you are bringing on new tenants, residential landlords should take a commercial approach to vetting, suggests real estate entrepreneur Greg Dickerson. Dig deep into potential tenants' backgrounds—find out who they are, where they work, what's their role, and what's their employment outlook.

> In today's economy, you're not just underwriting the tenant, but their company's ability to continue to employ them.

BE A RESOURCE TO TENANTS

If your tenants lost their jobs, make sure they are taking advantage of all of the available federal and local government aid programs. By getting them in a better financial situation, they'll be in a better position to pay you rent.

Once you find out their financial situation, have a conversation with tenants to make sure they understand how to get their stimulus check. If they haven't gotten their check yet, tell them to follow up with the IRS. Encourage them to apply for unemployment, as the federal government is providing a $600/week bonus.

Ask tenants:

- First off, how are you doing?
- Have you gotten your stimulus check?
- Have you applied for unemployment?

FORBEARANCE DOES NOT EQUAL FORGIVENESS

While the CARES Act entitles borrowers to forbearance—a.k.a., a temporary postponement of mortgage payments—landlords should be extremely cautious when considering this option.

Loan forbearance does not equal loan forgiveness. Landlords should discuss and understand the terms of forbearance with their lenders, as it varies by bank. Most banks offer around three months of forbearance (some offer up to six). But that means if you get three months of forbearance—you'll owe it all in month four, on top of the fourth month's payment. You're essentially refinancing your loan, but with a chance of penalties, fees and higher interest rates down the road.

“With forbearance, the fine print really matters.”

“Think of forbearance as a last case scenario,” said tax attorney Deven Munns. “Even if your bank doesn’t charge penalties and interest, going into forbearance is generally not a good idea.”

While the CARES Act provisioned that forbearance will not negatively impact your credit, it will still be on your record—which could impact your interest rates in the future. You’ll also increase the total cost of your house over time since your loan is still accruing interest. That means your mortgage payment could actually be higher once you start paying again—and that’s on a per property basis.

So is forbearance worth it?

Read the fine print and make sure you have favorable terms. Forbearance is not a bad option in all cases, but some banks take this as an opportunity to charge extra fees or higher interest rates.

NAVIGATING EVICTION FREEZES

Landlords dealing with tenants who can't or won't pay rent should recognize that the courts will face an unprecedented caseload backlog once COVID-19 eviction restrictions lift. Therefore, landlords should make every effort to work with tenants to avoid eviction proceedings.

Only the most egregious cases should go through with full-blown litigation. If you do have to evict tenants, be sure to have clear communication, documentation and demonstrated civility in attempting to resolve the issue outside of court. This will help the judge quickly rule the case in the landlord's favor.

"Be civil and document your attempts to find a solution with your tenant," said tax attorney Matthew Rappaport. "Otherwise the judge will likely tell you to go work something out on your own."

Tax Strategies & Cash Flow Opportunities

Investors know that what really matters isn't how much money their properties make, but it's how much money they get to keep after the government takes its cut. Savvy investors know that real estate carries unique tax benefits that can reduce their overall tax burden.

Landlords can increase their cash flow and reduce their taxes with strategies like cost segregation and the qualified improvement property that allows for 100% bonus depreciation, which can accelerate depreciation and increase net operating loss. What landlords need to know today is that the CARES Act allows landlords to carry back a Net Operating Loss to the last five years of returns and possibly receive a refund in the current tax cycle

FIVE-YEAR NET OPERATING LOSS (NOL) CARRYBACK

A Net Operating Loss (NOL) is when your business losses exceed all other income. The CARES Act allows you to carry that back five years until 2021. That means if you created a NOL in 2018 or 2019, you can file the form 1045 and carry that back five years. Brandon Hall, CEO of The Real Estate CPA explains that this provision only applies through 2020 and that in 2021 landlords will once again only be able to carry net operating losses forward and that it will only apply to 80% of their taxable income.

"If you're a landlord and you have a net operating loss, you want to take action this year," said Zibo CEO Chris Hsu. "This is a unique window to actually go back and see if you can generate some cash."

COST SEGREGATION

One way for landlords to increase their net operating loss and reduce their taxes is to conduct a cost segregation study. Warren Dazzio, Executive Vice President of CSSI - Cost Segregation Services, Inc., explains that an engineering-based study can generate $30,000-$80,000 in tax savings per $1 million in building costs. The cost segregation method helps to accelerate asset depreciation, resulting in lower taxable income and higher cash flow for property owners.

Cost segregation re-classifies components and improvements of your commercial building from real property to personal property, allowing the assets to be depreciated on a 5-, 7-, or 15-year schedule instead of the traditional 27.5- or 39-year depreciation schedule of real property. Examples of 5-year assets include carpeting and countertops, and 15-year assets include the driveway, landscaping, and security system.

That way you're able to depreciate faster and use that depreciation to create a net operating loss. Instead of carrying that loss forward, you can now carry that back and get a tax refund from previous tax years.

Sound complicated? Luckily you don't have to do this on your own. Many landlords hire cost segregation firms. Get your cost segregation study below.

Reduce your taxes

Learn how

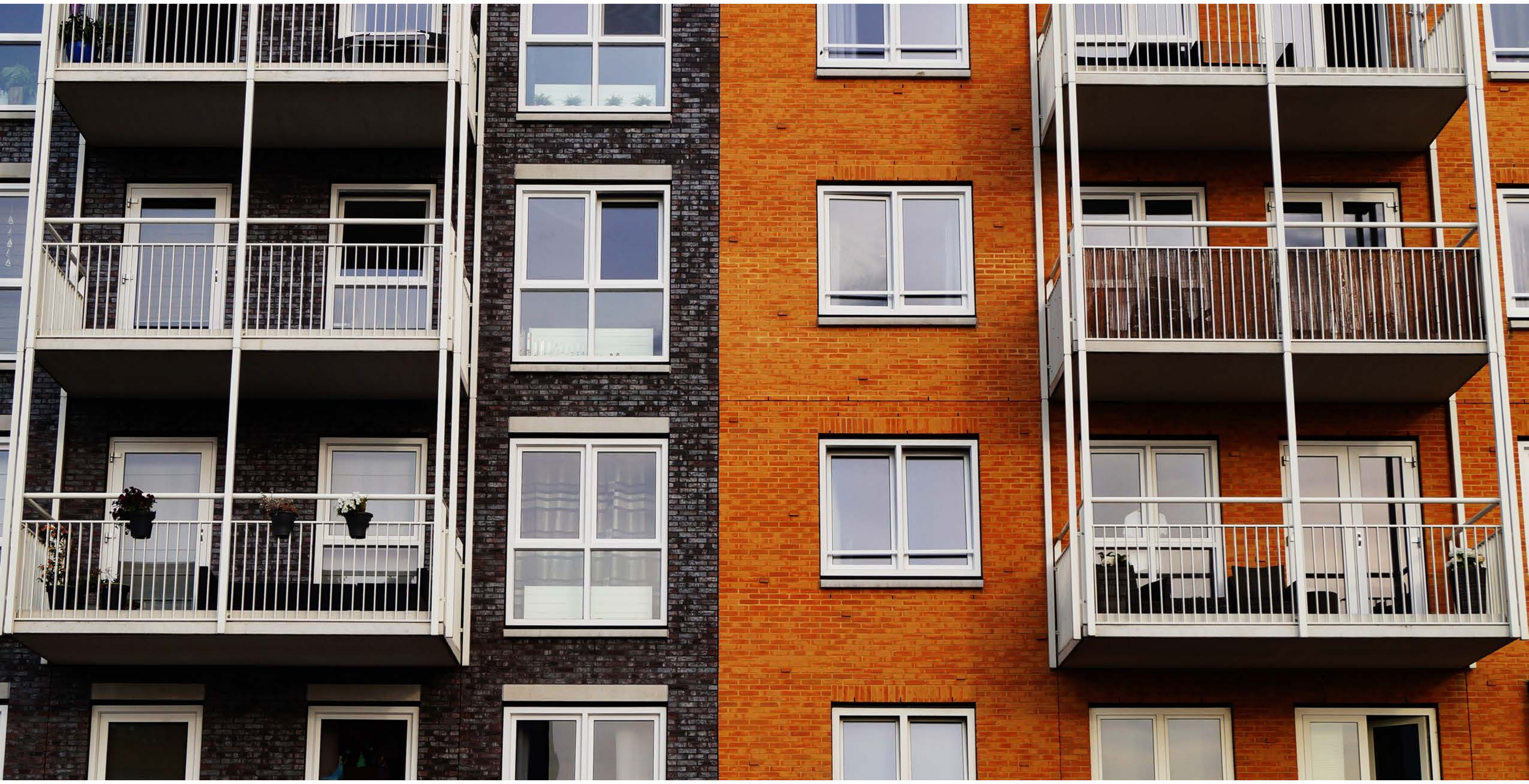
Protecting Your Real Estate Assets

In football, you need both offense and defense—and the same goes for real estate. A good real estate defense is a legal entity to protect your assets.

“When it comes to real estate, there are two things you want to do. The first is to protect your assets, and the second is to protect your family,” said The Real Estate Investor’s Lawyer Jeffrey Lerman. “If you don’t have asset protection, you’re not doing either.”

Legal entities can create asset protection for real estate investments and provide litigation deterrence. From LLCs, S Corps, C Corps, trusts and other entities, landlords can choose from a variety of strategies to meet their unique needs.

Even small, independent landlords who own just one or a few properties need protection as there is still a significant exposure. For example, one multifamily property could be worth millions of dollars. And liability insurance—even umbrella policies—isn’t enough, as insurers can lower coverage, deny claims or cancel policies.



HOW TO STRUCTURE YOUR LEGAL ENTITY

One of the most common questions that Lerman receives is whether real estate investors need to set up an LLC for each of their properties, versus one for their entire portfolio. There's no wrong answer, but it just depends on your risk tolerance. Setting up one entity per property offers the highest level of protection because when you bundle properties together into one LLC, you're exposing the profits of one property to the potential liabilities of another. That said, each LLC has costs, so work with your CPA and your lawyer to figure out what's right for you.

MAINTAINING COMPLIANCE

Once you come up with the right legal structure for your business, the next step is to align your banking to ensure you're compliant. Each legal entity requires a separate bank account to avoid commingling—make sure you're not using business assets to pay for personal expenses and vice versa. Zibo's banking platform allows you to manage all of your real estate financial accounts in one place.

WHEN SHOULD I SET UP ASSET PROTECTION?

Don't wait till you get sued (or think you're about to be sued) to set up proper asset protection—take care of it now. A legal entity that is created after the initiation of a legal action will not provide protection for that suit due the Uniform Fraudulent Transfers Act.

As Lerman explains, "You wouldn't wait until you get the flu to get the vaccine." The same goes for real estate asset protection.

Working with Property Managers

If you're considering hiring a property manager, ask yourself, "Are you willing to give up control?"

It's nearly impossible for a property manager to successfully manage a property if a landlord is trying to manage it as well, says Kellie Tollifson, MPM® RMP® and President of the National Association of Residential Property Managers (NARPM®). In tenant interactions, there needs to be a single point of contact with a consistent message in order to avoid confusion and reduce risk.

So what does it mean to give up control? "It means the landlord doesn't get a key to the property," said Tollifson. "That's a huge breach of trust between the property manager and tenant."

Additionally, property managers own all communication with tenants. They need to know what conversations are happening in order to be successful—and to avoid having the landlord make promises the property manager can't deliver.

WHAT TO LOOK FOR IN PROPERTY MANAGERS

- **Fast response time.** How quickly do they return your call?
- **Aligned values.** Do you agree with their business model?
- **References.** Can they provide someone to vouch for them?
- **Screening criteria.** Does their tenant criteria meets your standards?
- **Maintenance cash reserve.** Can they quickly pay vendors without having to get in touch with you?

MORE THAN THE MANAGEMENT FEE

Depending on the size of the portfolio, property management fees can be anywhere from 5-10% of monthly rent. But be sure to thoroughly read the agreement and ask about things like their after-hours work policy, tenant screening criteria, renewal policies, and payment schedules, among other items.

"Our favorite landlord clients are the ones who've done property management themselves, because they understand it's more than just collecting the rent," said Tollifson.

The Future of Real Estate

Historically, real estate is a trailing economic indicator—meaning when the economy enters a downturn, it typically takes a few months for the real estate market to adjust (though 2008 is an obvious exception). If this is a typical U.S. recession, real estate values will drop but not as severely as in 2008. That said, there are a number of other economic and political factors that could lead to unforeseen consequences where real estate is at risk.

> "History is the best predictor of the future."

J Scott is a real estate investor, BiggerPockets Business Podcast host and author of *Recession-Proof Real Estate Investing*. With this book, Scott hoped to educate real estate investors on how to prepare for a recession and provide strategies and tactics to maximize profits and minimize risk.

"It's never too late to prepare for a recession," said Scott. **Now is a great time to:**

- **Be liquid.** Move your investments to cash where possible. If lending gets tight, anyone with cash will have an advantage—especially in a market without a lot of buyers.
- **Have good credit.** Work on your credit score and try to get it above 700. If you need to borrow money in the future, it'll be a lot easier to do with a high credit score.
- **Get rid of unwanted short-term assets.** Sell investments that you're not comfortable holding onto for the next 3-5 years. You won't want to be stuck with properties you can't afford in a market where no one is buying.
- **Prepare for major payments.** If you have loans or balloon payments due in the next 1-3 years, think about refinancing and ask your lender what options you have if you can't refinance. It's better to know now so you have time to create a plan B.
- **Open credit lines.** If you're in a good financial position now, consider opening credit lines that you may need in the future. If you have equity in your home or your business is doing well, it's helpful to have options.

WHAT RECOMMENDATIONS DO YOU HAVE FOR REAL ESTATE INVESTORS NOW?

Flipping is a challenging business during a recession. Don't explore this strategy when we don't know which direction the prices are moving—unless you're already an expert. On the commercial side, the same advice goes for self-storage, office or retail spaces. Again, if you're not already an expert in this area, now is not the right time to dive in.

Instead, **focus your time on "buy and hold,"** or long-term real estate investments that you can rent out, such as single family homes and multifamily properties.

"No matter what you're doing today—residential or commercial—underwrite it with a 10-15 year outlook because we just don't know where the economy will be," said real estate entrepreneur Greg Dickerson.

WHAT'S HOT IN THE U.S. MARKET?

Greg Dickerson likes the Southeast, thanks to positive net migration, favorable tax policies, and lack of harsh winters. **Florida, Georgia, South Carolina, Texas, Arizona, Mississippi, Alabama, Nashville** and **Memphis** are ripe for investment.

From a multifamily perspective, Doug Bibby sees potential in newly transformed midwestern cities like **Kansas City, Nashville, Austin, Indianapolis, Columbus** and **Cleveland.** He avoids overpriced (and overregulated) gateway cities like New York, San Francisco, Los Angeles, Seattle, Boston, and Washington, D.C.

"In our business, it's always about where the jobs are being created, and where the government has gotten out of the way and allowed a city to flourish," said Bibby.

As more people realize they can work from home and aren't tied to a city office, real estate outside of major metropolitan areas will be in higher demand. Look for small duplexes or 4-plexes in more rural areas that provide more space at a better price, says Kellie Tollifson, President of the National Association of Residential Property Managers.

Keep an eye out for creative redevelopment opportunities, such as turning vacant hotels into micro-apartments or senior living facilities, or converting office buildings into multifamily homes. These trends have accelerated since the pandemic.

"We've got to figure out how to retrofit our total stock," said Doug Bibby, President of the National Multifamily Housing Council. "Malls, office buildings, and motels can all be repurposed into apartments much faster than trying to build new construction."

KEY MARKET INDICATORS

Positive net migration: How many people are coming to a market vs. leaving? If you've got positive net migration, everything else falls into place.

Market peak: Knowing when you're at the top of the market is way more important than knowing the bottom—if you don't get out at the right time, you've got nothing.

Interest rates: If interest rates creep up, real estate will slow down. People are now conditioned to believe that they shouldn't pay more than 5% for interest.

Supply and Demand: Know your market intimately—from units and vacancies to rent prices.

WHAT ABOUT SHORT-TERM RENTALS?

Short-term rentals were a very hot market and fantastic cash flow assets until the pandemic hit. But the trend will be around for the long-term.

Real estate investor J Scott suggests investing in short-term rentals now as a long-term play. In other words, buy a short-term rental property at a price that makes sense for long-term rentals, and rent it out with an annual lease. In 1-3 years when the economy is back, convert it to a short-term rental. You'll be able to sustain the property no matter where the economy is.

Once the economy opens up, people won't want to vacation at hotels since there are so many shared spaces and common areas. Short-term single family rentals will become more popular—and the pricing will adjust so owners can recoup losses from the pandemic, explains Kellie Tollifson, President of the National Association of Residential Property Managers.

IS MULTIFAMILY A GOOD INVESTMENT?

With rent increases every year and high turnovers, multifamily investors see attractive returns. In fact, a 2018 study by the National Multifamily Housing Council revealed that multifamily buildings have the best 5-, 10- and 15-year returns of any real estate asset class. The next closest is the industrial sector. In the last ten years, international and domestic institutional investors have become much more comfortable with multifamily.

> "Multifamily has the best 5-, 10- and 15-year returns of any real estate asset class."

"People don't necessarily want to own a house anymore. They like to have the freedom to move from market to market," said Doug Bibby, President of the National Multifamily Housing Council. In fact, renting as a trend has grown across other areas of our lives, as people rent everything from cars, bicycles, and even wedding gowns.

Scaling Your Business

Scaling a business takes leadership, clear direction, and a realistic business plan.

“Ideas are great but execution is where it happens,” said real estate entrepreneur Greg Dickerson. “You have to make sure your vision can be executed at a detailed level and immediately.”

Find great people who are better and smarter than you, put them in the right role, and coach them to build the systems of your company for you. That means you need to develop yourself as a leader. It’s your job to serve your team. If you’re not getting the result you want from your people, look inward at your own leadership skills—did you give them everything they need to succeed?

“The true mark of a great leader is how well the organization runs without you,” said Greg Dickerson.

Protect your time. Human capital is the most valuable, expensive asset of a business. Anything that you’re doing repeatedly should be automated—whether you turn it into a written document, a video training or use software. Automate everything possible—from rent collection to bill pay to expense management—so you can focus on high-skilled tasks, such as raising money and finding deals.

“We took a hard look at the financial services market and saw how it’s designed for consumers and small businesses, but not landlords,” said Zibo CEO Chris Hsu. “We used technology to bring together all the tools a landlord needs to manage their cash in one platform, with one login.”

Zibo automates repetitive tasks like rent collection, bill pay and expense management. Our software helps landlords get everything they need to manage their rental property finances without having to enter the same piece of data more than once. You can now organize all of your rental business bank accounts and expenses in Zibo’s secure platform—for free.

Learn more about Zibo

In this eBook

Chris Hsu
CEO & Co-Founder, Zibo

Chris Hsu is the CEO & Co-Founder of Zibo, a venture-backed financial services company for independent landlords. Prior to Zibo, Chris served as CEO of Micro Focus and COO of Hewlett Packard Enterprise. Previously, Chris spent nearly 15 years in leadership roles at top consulting firms including KKR and McKinsey. Chris has been a landlord for over 20 years and founded Zibo to help rental property owners save time and grow their businesses.

Doug Bibby
President, National Multifamily Housing Council

Douglas M. Bibby is President of the National Multifamily Housing Council (NMHC), a national organization of more than 1,500 member firms involved in the multifamily housing industry. Under his leadership NMHC represents the industry on Capitol Hill and before the regulatory agencies, promotes research and the exchange of information, and advocates for rental housing across a broad spectrum of issues. Prior to joining NMHC, Bibby spent 16 years as a senior officer of Fannie Mae, where he served on the company's Management Committee throughout his tenure. He was part of the top management team that is credited with the remarkable turnaround at Fannie Mae in the book Good to Great.

Warren Dazzio
EVP, Cost Segregation Services, Inc.

Warren Dazzio is EVP at Cost Segregation Services, Inc. (CSSI), where he helps commercial building owners reduce income taxes using tax code regulations. These tax savings strategies include capital to expense reversal, cost segregation, partial asset disposition, building systems reports and more. Prior to CSSI, Warren co-founded ImmediaCare, a company focused on controlling healthcare costs and services. He spent the first 20 years of his career in ministry before pursuing an MBA from Louisiana State University.

Greg Dickerson
Real Estate Entrepreneur and CEO & Founder, Dickerson International

Greg is a serial entrepreneur, real estate developer coach and mentor. He has bought, developed and sold over $250 million in real estate, built and renovated hundreds of custom homes and commercial buildings, developed residential and mixed use subdivisions and started 12 different companies from the ground up. Greg mentors entrepreneurs, real estate investors and real estate developers all across the country helping them grow and scale their business, raise more capital and do bigger deals. He served in the United States Navy and has been on the boards of several churches, ministries and non-profit organizations.

In this eBook

Brandon Hall
CEO, The Real Estate CPA

Brandon Hall is a CPA and founder and CEO of The Real Estate CPA, an accounting firm that works exclusively with individuals and businesses in the real estate industry. He is also the host of the Real Estate CPA Podcast and a regular contributor to BiggerPockets. Brandon is an active real estate investor and a Principal at Naked Capital, a capital group investing in large multi-family projects and manufactured housing. Previously, he worked for two of the Big Four account firms (EY and PwC).

Jeffrey H. Lerman, Esq.
"The Real Estate Investor's Lawyer℠", Lerman Law Partners, LLP

Jeffrey H. Lerman, 2007 President of the Marin County Bar Association, is a real estate investor, commercial landlord, real estate broker and attorney. Before co-founding Lerman Law Partners, LLP, Jeff practiced at prominent, large firms and served as General Counsel of two real estate syndication companies. He has lectured on various real estate and litigation topics at UC Berkeley Fisher Center for Real Estate & Urban Economics, the USC Law Center, and in front of numerous real estate investor organizations.

Deven Munns
Tax Attorney, KKOS Lawyers, LLP

Deven is an associate in the Rexburg, Idaho office of Kyler, Kohler, Ostermiller & Sorensen. He provides tax and legal services for clients across the country with an emphasis on business development, tax strategies, real estate, asset protection, and estate planning. An entrepreneur at heart, Deven has over a decade of experience in real estate, finance and accounting. He has worked for Goldman Sachs and CBRE, and started or managed several small businesses.

Matthew Rappaport, Esq.
Vice Managing Partner, Falcon Rappaport & Berkman

Matt is an attorney and the Vice Managing Partner at Falcon Rappaport & Berkman. He helps real estate investors/developers, private equity professionals, closely held business owners, and high net worth families navigate the complexities of the American tax system. Matt is based in New York City and received his J.D. from Georgetown Law.

In this eBook

J Scott
Real Estate Investor and Host of the BiggerPockets Business Podcast

Entrepreneur, Technologist, Investor and Advisor. Host of the BiggerPockets Business Podcast. Author of four BiggerPockets books, including "The Book on Flipping Houses," "The Book on Estimating Rehab Costs," and "The Book on Negotiating Real Estate." Real estate investor that's completed over 400 deals since 2008, including flipping, buy-and-hold, multi-family, notes, lending, development and new construction.

Kellie Tollifson, MPM® RMP®
President, National Association of Residential Property Managers

Kellie Tollifson is Executive Vice President and Co-Founder of T-Square Properties, a tech-driven property management company in the Greater Seattle area with over 500 doors and 85 Homeowner Associations. Kellie began her 26-year career in Property Management as a landlord managing her own investment properties. Kellie holds a bachelor's degree in Behavioral Science from San Jose State University and is currently serving as President of the National Association of Residential Property Managers (NARPM®). Kellie is also a Certified Continuing Education Real Estate Instructor for the State of Washington and a National Instructor for NARPM®.

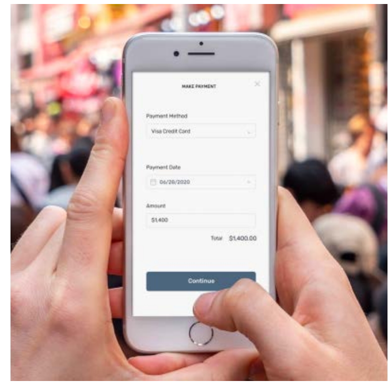
Eric Wallace
CPA, Eric P. Wallace, LLC

Eric is a CPA providing helping CPA firms, contractors, real estate owners across the U.S. file proven method changes that have resulted in millions of tax deductions. He is a nationally recognized expert in tax, accounting, auditing related to construction, real estate development and homebuilding. Eric's specialties include Tangible Property Regulations, Uniform Cap Rules, Net Operating Losses, and Depreciation.

About Zibo

ZIBO IS THE ONLY FREE END-TO-END CASH MANAGEMENT PLATFORM BUILT FOR INDEPENDENT LANDLORDS.

We help you save time, improve cash flow and grow your portfolios with a suite of financial tools, including interest-bearing checking accounts, online and offline rent collection, online bill pay, and expense management with Schedule E categorization to simplify tax prep. Signing up for Zibo also gives you access to competitive insurance and loans for rental property investing.



With Zibo, landlords can now manage their rental business in a single, secure platform—for free.

ZIBO'S BUSINESS CHECKING ACCOUNTS INCLUDE:

- **No monthly or hidden fees**
- **No minimum balance or deposit**
- **3.75X the national average interest rate***
- **FDIC insurance****
- **ZiboPay for online rent collection, bill payments and expense management**

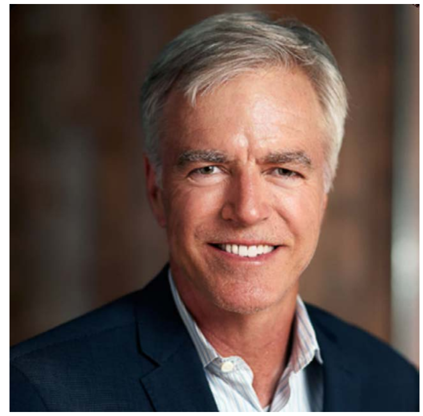
Landlords can create a free Zibo account
or can reach out with any questions at info@zibo.co.

Learn more about Zibo

*Based on the APY average for Interest Checking accounts as published by www.fdic.gov on 6/30/2020.
**Zibo banking services provided by Radius Bank, Member FDIC. Deposits are insured up to $250,000 per depositor.

About the Zibo Team





Zibo is led by CEO and Co-Founder Chris Hsu, who previously served as COO of Hewlett Packard Enterprise. Zibo Chairman & Co-Founder Gregor Watson (who also is Co-Founder and Chairman of Roofstock) and Co-Founder Rob Bloemker managed one of the largest single-family rental home portfolios, and previously founded Dwell Finance, which was sold to Blackstone in 2015. The three Zibo founders have decades of experience across the real estate, financial services, and technology industries, and saw an opportunity to address the pain points they've experienced firsthand as landlords.