

CHAPTER SEVEN

MERCHANDISING RESIDENTIAL SPACE and MANAGEMENT FORMS

CHAPTER OVERVIEW

This chapter focuses on resident property management forms, which may be divided into three groupings. The first area concentrates on the period up to move-in occupancy that includes the screening application and rental contracts, as was discussed in Chapter 3. The second section covers the period during the time of occupancy, that is included in the information in this chapter. The last area is divided into two areas, one being a regular move-out, and the other emphasizing the eviction process and paperwork, which is discussed in Chapter 15. The information contained in this chapter could fill an entire book, so the concentrated highlights and only the most important areas are covered due to the coverage of the forms and letters used with an existing resident during the time the tenant lives on the premises.

Student Learning Outcomes:

As a result of studying this chapter, the student will be able to:

- Demonstrate the ability to complete a set of residential tenant move-in documents.
- Use organizational forms to monitor residential rent payment and rent increases to manage cash flow income for the property.
- Contrast marketing versus advertising efforts when trying to rent a vacancy.
- Identify the elements of Public Relations and DRE and HUD license requirements for a licensee who manages real property.
- Compare and contrast the various types of communications used during the term of occupancy to identify and distinguish between the forms and types of letters written to tenants.

7.1 Merchandising

The techniques of marketing residential property will vary with the building and unit size, as well as the geographical area and the client. But the property manager must remember that all marketing actions radiate a building image and, therefore, they should be clearly defined, carefully planned, and efficiently executed.

Advertising in general. Information on marketing techniques is available from many sources. The different types of media (radios, newspapers, yellow pages, etc.) often provide helpful brochures on effective layouts, ad language, and other advertising tips. Of course, advertising agencies are available to help create new ads, logos, and slogans in your effort to increase market share. College courses and books from the library or bookstore also offer many helpful marketing tips.

MARKETING is all business activity involved with moving goods and services from producers to consumers. This may include promotional activities and rewards for referrals from tenants.

The purpose of advertising is to obtain prospects. It takes several inquiries to get qualified prospects to show up; then the property manager can pick the best applicant.

Property managers advertise to market specific properties. This may include trying to lease space in a newly constructed project, upgrading the image of an already existing property, or changing the composition of current tenant mix. Another reason to advertise is to create goodwill among existing tenants so they will stay in the building longer. This reduces the turnover costs of cleaning, painting, and making minor repairs.

The property manager must ensure that all aspects of building operations are a part of a coordinated marketing campaign. Marketing efforts do not begin when there is a vacancy. Marketing is an on-going process that creates a positive building image even when there are no vacancies. "Marketing" takes place each time the telephone is answered, each time a prospect drives by the building, each time a pamphlet or brochure is sent to an interested party, and each time an ad is placed. The building's appearance and landscaping, the on-site manager, and unit itself are all a part of the marketing process. So are the renting techniques, rental application forms, rental agreements, and walk-thru and property management policies and procedures.

The purpose of this on-going process is to create a "wait list" that can be used when a vacancy does occur. This is based on having on-going curb appeal so that prospective tenants want to apply and are willing to wait to obtain a unit on the property. Constant merchandising makes the difference between a prolonged vacancy and having a prospective tenant who is ready to move in as soon as the old tenant moves out.

Merchandising is all aspects of marketing that create a desire for a particular product (over other choices) that appeals to ready, willing and able buyers in the marketplace. Before placing the advertisement, the property manager should analyze how much money should be spent, how long the ad should run, where the ad should run, and which type of media should be used.

How much money to be spent is part of the projected budgeting expense. Advertising costs should be a budgeted item, based upon projected vacancies, turnover, and market conditions. Less experienced property managers tend to use the advertiser's cost breaks, instead of following an historical building average.

Example:

A newspaper gives a special seven-day rate, so many people place an "on-going" ad which they cancel if the unit is rented. This approach spends needless dollars. The building may have a history of finding a tenant with one day of advertising.

To the question of "How Much?" some believe that "more is better." However, this view violates the theory of diminishing returns. To be effective, an ad should look clean, fresh and new, not canned. Tenants usually look carefully at weekend ads and then think that Monday's ads are the "leftovers"--units no one wanted. An ad running Wednesday through Sunday, with a new heading each week appears fresh, as if it just came onto the market. As a "new" ad with a different lead in, it catches the reader's eye, even if the body of the ad is substantially the same.

Good property management involves clearly understating the high cost of turnover. Turnover is the number of times per year that a unit changes occupants. The expenses affiliated with turnover include budgeting for the cost of paint, rug shampoo, repairs, advertising and wear and tear on the building. Other considerations include the rate of time spent by management to handle a turnover, including administrative time to prepare the paperwork for the former tenant's move out, which may include the security deposit refund from accounting, in addition to the paperwork for the new tenant to move in, plus the marketing analysis to set the future rent.

The length of time an ad campaign should run depends on the advertising goal. Many high-rent commercial properties maintain on-going billboards, even when there are no vacancies. These become status symbols for the tenants, and often carry the name of one or more important tenants. Industrial parks use placement of the tenant's name on the park entrance signs as part of the property merchandising. Senior citizen complexes have on-going marketing campaigns to create waiting lists in popular California retirement areas.

Public Relations

Maintaining good public relations is an excellent method of advertising your property management firm. The benefits of projecting a positive overall image are innumerable. It is much easier to get negative, bad press (referred to as stymied property), so it is important to avoid bad press by promoting good press. You will receive resumes from people seeking employment with you, receive ongoing inquiries from prospective tenants, and build up a solid client base. A good public relations image can help avoid rent strikes, decrease criminal activities, and divert on-site discrimination suits.

Many small local newspapers welcome weekly or monthly articles written by members of your staff to help them fill up their space. They allow you to write about items of general interest in your specialty field, and include your name and your company's name. As these papers grow, they may require you to pay for advertising space to keep your column running in the paper, but you are probably already advertising vacancies in the local paper. Large circulation newspapers have columns in the real estate or business sections about people on the move--new tract openings, new apartment complexes, promotions, and awards. The property manager should always have 3" x 5" black and white newspaper print photographs on hand for press releases. Forming good working relations with the local media is an on-going job that benefits the property manager, the firm, and all the units managed.

Tenants are customers. Good public relations with them mean a good working relationship as well as good referrals. Always treat tenants with courtesy and respect. While the owner of the property may be from the other side of the country, tenants are ongoing members of the local community.

Property managers can sometimes use the aid of a good public relations firm. A brief glance at typical newspaper coverage should tell you why. Newspapers are in the business of selling papers. "Successful" news is often that which arouses the reader's emotions. For instance, one of the hottest words in the California rental market has been SLUMLORD (Figure 5). To meet deadlines, reporters sometimes fail to research all the facts and often information is taken out of context. Many times, both sides of an issue are not covered.

A public relations firm may be able to get more balanced news printed--how the property owner put in thousands of dollars of improvements, only to have the tenants immediately tear them up. Well placed letters in the opinion section by a well known person

can also help a firm's or client's image. Public relations firms are very reasonably priced for these kinds of services.

7.2 TYPES OF MEDIA

Where to advertise depends on what market you want to reach. If you are trying to reach new rental property owners as clients, an ad in a local legal or medical association journal may attract the audience you are seeking. If you are trying to attract existing local residents, 3" x 5" ad cards, placed on the Laundromat or supermarket bulletin board, can be very effective. The target market would also determine which heading to put a newspaper ad under. There are many differences between the various types of media.

Television. The most expensive method of advertising is television, especially the major networks. Obviously, television would not be used for renting a single apartment. However, local cable station rates are not as expensive as one might think and could be appropriate when a large development is being introduced. A "Leisure World" development or large resort community might benefit from this method of marketing.

Radio can be very effective because stations specifically target a particular market. Many colleges have on-campus stations with a small broadcasting range, and if college dormitories are expensive and full, this may be a good market to tap. These small stations are always looking for donation-sponsors.

Print in the past has been the most often used advertising method for marketing rental property. This would include billboards, bus benches, bus backs, or taxi signs, as well as building signs. The telephone book yellow pages, magazine ads, directories, and newspaper ads are all types of print advertising. All print materials must be reviewed to see that it is kept in clean, well painted, lighted, easy to read and permanent consistency of the image for the property.

Billboards are predominately used for large, new projects. Commercial and industrial site leasing is aided by this media. Located along major thoroughfares, billboards offer high visibility to larger numbers of people. Intended as a long-term advertising campaign (due to the length of the contract for the billboard space), it is sometimes possible to have short-term space in between major advertisers. Check with local advertising firms for possibilities.

Bus benches can be very effective in areas where high commuter traffic depends upon public transportation. Most of California is automobile-oriented, but the Bay area BART, the L.A. Metro Rail, and San Diego-to-points-north Amtrak system provide excellent apartment unit exposure to those using rapid transit systems. Persons waiting at a bus or train stop have idle time to read the signs. Transportation signs, such as those found on a taxi cab or bus may reach a high reader volume.

Yellow pages in any of the various telephone books is an important source of reaching property owners to obtain new clients. These inquiries usually come in first thing Monday morning, after the owner has had a problem-filled weekend. The

Monday morning after the first weekend of the month (when rents are due) is a critical time to have top notch personnel answering these inquiry calls.

Very few tenants will make inquiries from a yellow pages ad. This is not an efficient use of funds for firms who do not accept outside fee management, such as a builder/owner who owns and operates their own complex, and for those individuals who only own and operate their own properties.

Display advertising in apartment locator directories, magazines, and the like are good sources of attracting prospective tenants, especially for large residential complexes. California has many such projects that feature a wide array of luxury amenities. Since these projects are vying for the same tenants, they spend the most on printing costs for advertising, investing in high gloss, color media layouts and brochures. The ads typically feature the most attractive amenities of the project, such as pictures of the golf course, tennis courts, pools, etc.

Classified newspaper ads historically have been the most often form of media for advertising. The professional property manager knows that many owners read these ads to help determine who they will use to manage their property. If the ads are appealing, they know the property manager can make their property look good as well. Prospective tenants also look at classified ads in their search for housing.

The paper's classified advertising department will usually guide the novice through placing an ad. This is especially true if the newspaper is in another language because the demographics of the area predominately speak a non-English language. Often when the prospective tenant calls and if they only speak the foreign language, the owner may simply state "English" and the tenant will put someone on the line who speaks English, or they will call back with someone who does.

Digital advertising is now surpassing the printed word in reaching prospective tenants and is especially effective for certain demographics. As people move to their phone, ipod and various forms of computer technology, it is becoming more common for prospective tenants to text message each other to inquire if their circle of friends know of a vacant apartment, or to do an Internet search to review properties available online that include exterior and interior digital photos of the property amenities. This may include music in the background and 360 degree photo coverage of the unit.

Signage on and around the property gives a clear image of the premises and how management maintains the property. If the letters for the name of the building are crocked and in need of paint on the front exterior, a prospective tenant does not think that the owner is more likely to maintain the interior unit any better. If the street number is not well lit, does not stand out, has overgrown shrubbery hiding part of the number, and in general the numbering makes it hard to find the building for the prospective tenant, then that individual may believe that their friends and family would also have trouble finding them at this property.

Apartment Guides and Directories are another option. These guides are distributed to the general public at no cost to them. Due to the cost, larger projects benefit from this more often.

Agencies can be excellent places to advertise for tenants. The most effective is the apartment locator firms that charge the tenant for a list of vacant units. The form lists various amenities for the property, plus address and directions, in addition to

contact information. The amount of rent and deposit is usually printed on the locator list. Some agencies charge the landlord, but most only charge the tenant. Don't forget the various relocation firms, college housing offices, and military personnel offices that should be kept on the property management mailing list. A prepared list of vacancies can be sent to several places to increase ongoing inquiries. Local, major companies will often post a vacancy list if you mail it to them. Some agencies charge tenants a fee for available rental lists that show features, price, and the contact person.

Personnel. Lastly, the property's on-site personnel is a walking advertisement. On-site personnel is discussed later in detail. Office staff must remember that all contacts are potential prospects. Wrong numbers, vendors, and maintenance personnel all rent or have acquaintances that do. It is important to project a professional, on-going image with these contacts to generate potential leads.

7.2 THE ADVERTISEMENT. The ad should catch the eye of the reader. The heading may be in bold print. The copy may use techniques such as reverse print, may include a company logo or firm motto. Since the public most often does not understand insider-shop talk, especially if English is their second or third language, it is critical to clearly communicate what you are trying to say in a way that the reader will be able to comprehend. Tell the newspaper (or other advertiser) that you insist on full words, with no abbreviations.

Example: Read the following poor ad out loud, as it is written:

"MDTN. 2Bd. 1Ba. Apt. CAC. 1st & Dep. No Pets. Yd. 555-1212"

This ad has only one readable sentence, and that is a negative image -- "No Pets." The rest is jargon, slang, or trade terms. It conveys an image that the advertiser is too frugal to place a decent ad. It is hard to read and gives the reader no incentive to call. Often, when a prospect calls on this type of ad, he or she gets an answering machine. In our office we call this ad the "bird man" ad because the owner is creating the image of being "cheep, cheep, cheep, cheep!"

A much more appealing way to word the above ad without spending more money for more lines of words might be as shown below. If the unit does not have more than one bath, there is no need to spend funds to say it only has one.

The first word of the ad is important because all real estate is based upon location, location, location, so put that first. Sometimes the newspaper heading is by location, so there is no need to spend funds on maybe the city. But within a city, region or area, there are keen differences to those who live there. Note that difference in your ad copy to distinguish your property: the tree section, North of the Elm blvd, bike to the beach, the hill section, East of Leapfrog Park, etc.

The second word indicates a specific type, as opposed to a duplex or condominium with connected walls, or a room in a house, or a detached unit

inside a garage. Always give the number of bedrooms or if not, so state, such as bachelor, single or similar.

The third part of the ad may be the number of bathrooms if there are more than one. Few rentals have no bathrooms, thus it is presumed by most readers that there is at least one—even if it is down the hall or shared with another or separate in the unit. Do not spend ad space stating one bathroom.

Next comes the amenities. The fourth section is about unit features. If the unit has air conditioning, the word “air” should clearly communicate that idea. Again, it is assumed that all units have some form of heat and they will see that when they visit the unit. So stating that the unit has air is a positive ad element but saying “No air” would not be. State only the positive elements. Keep the negative elements out of the ad completely and deal with these issues when showing the unit, not while on the phone trying to get the ad inquiry to come see the unit and become a prospective tenant. Do not say things like: Backs to freeway/rail line or No pets or No smoking on the premises. Review policies when in person.

MIDTOWN apartment. 2 Bedroom with air and yard. 555-1212

The prospective tenant is interested in certain vital pieces of information. This essential data should be included in the ad: where the unit is located and the rental amount. A good ad tells the street address, total move-in costs, size of the unit, and amenities.

A good ad heading is one or two bold print words that describe something of interest to the reader. Good headings include town or section location, unit size, or amenities. A poor heading would be the apartment complex name, or a misrepresentation. Be careful when you word your ads--you could be liable for any misrepresentation relied on by the reader. Be especially wary of claiming an attribute you cannot guarantee, such as "security building," because it depends on forces outside the property that could change.

Example:

If someone moves into the unit because the ad read "Quiet and Safe," and he or she suffers a gang related incident, the advertiser could be open for a misrepresentation suit.

Similarly, the property manager must carefully choose the colors, lettering style, and words of the banners, flags and complex name signs. Different types of signs create distinctly different images. The logos of the building and property management firm give specific messages to the public and should be carefully considered.

THE HOUSING AND URBAN DEVELOPMENT (HUD) GUIDELINES. Federal and state laws prohibit discrimination in advertising. The categories of protected classes include, race, national origin, ancestry, marital status, familial status, disability, sex, age and religion. No newspaper may run an ad that has

discriminatory wording. An individual may, however, specify a protected category upon receiving an inquiry. For example, a printed classified ad may not run the following ad: "Female only, non-smoker, over age 65." Yet, when you rent a room within your own personal residence, when a person inquires by telephone, because it is your home and you live there, you may state that you will only rent to a female, non-smoker senior citizen and it would not be illegal. Other examples of discriminatory advertising would include the following:

Price per person: " \$1200 for one person, \$100 for each additional person."

Schools: "Walk to Pius High School" "Walk to Magnet Performing Arts High."

Age: "Discount for Seniors."

Familial Status: "Family neighborhood, near playground and elementary school."

Most newspapers will print some kind of disclaimer to Fair Housing violations, such as:

"FAIR HOUSING NOTICE. All roommates/real estate advertised herein is subject to the Federal Fair Housing Act, which makes it illegal to advertise any preference, limitation or discrimination based on race, color, religion, sex, disability, familial status, or national origin or intentionally to make any such preferences, limitations or discrimination. This newspaper will not knowingly accept any advertising for roommates/rentals/real estate which is in violation of the law. All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis."



THE REAL ESTATE LICENSEE

Real estate agents handle thousands of single-family rentals in California. No license is required if the property owner handles the acts of property management. However, any person who is not the owner of the property who negotiates rents is required to hold a valid California real estate license. You must have a license to manage or lease space for a fee.

No special license other than the salesperson or broker's license is issued by the California Department of Real Estate. Some other states issue separate licenses for a property manager or for a loan broker. However, the REALTOR® Code of Ethics requires an agent to have some expertise in things he or she does.

Training and property management classes are available through the California Community College system, where classes fulfill the state requirement for continuing licensee education. The main things for the licensee to remember is to stay focused on maintaining professional ethics, comply with disclosure and agency laws, not discriminate and do not participate in false advertising, such as bait and switch techniques.

Most property managers use the broker emblem or Certified Property Manager (CPM) designation logo in their merchandising. Property owners look for marketing images that emit professionalism when seeking out someone to handle their property.

According to California Real Estate License Law, an agent must make sure the property management contract gives him or her specific written consent to display signs on the property, use a lockbox, or place the property into the Multiple Listing Service (MLS) of the Board of Realtors®.

Many licensees purchase income producing properties and have to deal with their own tenants, as well as those of their clients. A few basic advertising rules must be complied with by a real estate licensee that a non-licensee owner can ignore. The Department of Real Estate may refuse to renew or may revoke a real estate license if an agent has placed false advertisements (e.g., when a property is advertised that is not available, but is being used to obtain leads). It is also a violation of the Real Estate Law to fail to disclose in the ad that there is an agent involved in the transaction by specifying "Agent" or "Agt." or the company name. Both owners and real estate licensees may not participate in any act of discrimination (under both state and federal law).

Advertising Cost

The annual budget for the property would include advertising expense and be based upon the previous several years of vacancy costs and turnovers. The historical data should allow for accurate projections of the recurrence of all merchandising, marketing and advertising expenditures in order to more accurately project the future expectations.

The cost of a vacancy includes not only the advertising expense, but also the cost to clean the carpet, repaint the interior of the unit, change furnace filters, make repairs that have been deferred and maintenance expenses.

The length of time of the ad is discussed in this chapter, elsewhere. The timeline of the ad would be dependent upon the type of media. Real estate advertising on television is rarely on a daily or weekly basis, yet a local newspaper classified ad would normally run on a regular basis.

Again, as discussed with the type of media, the goal of the advertising expense is to increase demand for the unit so as to create a wait list of prospective tenants.

7.3 VACANCY: MAINTENANCE & SHOWING THE UNIT

From the Inquiry to the Client or Customer:

Once the advertising has created a desire on the prospect's part to inquire about the property, a whole new marketing phase begins. It is now up to the management team to sell the prospect on the unit.

A systematic, thorough rental system is necessary for a successful rental program. Not every method will work in every area of California, but a specific program is necessary. As a particular method is used and experience with the market gained, changes can be implemented and refinements put into place.

Vacancy Written Rental Policy. To avert discrimination suits and to avoid needless time wasting lookers who do not qualify for the unit, it is a good idea to have a written rental policy. This form is filled out by the owner or manager. It should be posted on the inside of any glass window that is near the front door where the paper would be visible from outside the premises. This way a prospective tenant may write down the particulars but cannot remove the document. A copy should be kept at the office so all personnel may easily read the information. Each leasing agent would keep a copy, as it describes the information needed to tell prospective tenants. The form may be posted in a local Laundromat and sent to personnel offices, rental agencies and such. The information contains a brief description of the unit plus the total cash needed to move in. It describes who is responsible for which utilities and if pets are allowed. The form explains the steps in the rental process.

Before getting to the point to take a rental applicant from a prospective tenant, it is important to have a written resident selection criteria. This policy needs to be uniform and consistent so that all personnel handle this in the same manner. Even for a small operation, if the husband tells the tenant one thing and wife represents another, a law suit could arise. For bigger operations, the leasing agent, the on-site manager and the off-site property manager must all have the same selection criteria. A quick list includes: (1) Let the applicant know that you are serious about the selection process, all items on the vacancy information sheet and the data for running a credit report; (2) discuss the criteria with the applicant, line by line, so the form is completed and the information correct; (3) List exactly what you expect from the applicant on the vacancy information sheet (i.e., driver's license, pay stub); (4) Credit requirements, eviction policy, length of time on the same job, employment history, length of time as California residence and criminal record. This means that a prospective applicant is aware of your policies and the criteria by which they will be accepted or rejected. If they know they will not be accepted, this is the time to know. This is the time when you evict—before they get the key to the unit!

VACANT UNIT INFORMATION

This unit has _____ Bedroom(s) with _____ Bath(s).

Included in the rent is appliance of: Garbage Disposal _____

and personal property of: carpets and window coverings as are in the unit.

Tenant pays utilities of: ☐Cable T.V. ☐Telephone ☐Gas ☐Electric ☐Water ☐Trash

☐Other: _____

The rent includes services of: ☐Gardener ☐Water ☐Trash ☐Other: _____

To rent, the items below are to be completed:

STEP ONE:

1. Application to rent (each adult, age 17 and over, completes a separate form).
2. A separate receipt is given for the \$30.00 credit report fee is run a credit service, which checks on Unlawful Detainer (U.D.) for evictions.
3. A photocopy of your driver's license, or if no license, a California I.D., for each person age 17 or over.
4. A photocopy of your last pay stub or income check to verify ability to pay rent.

STEP TWO:

1. Written rental agreement completed and signed before you may receive the keys.
2. Walk-through completed and signed by tenant(s).
3. All money collected by Cashier's Check or Money Order. NO PERSONAL CHECK!

Refundable security deposit of \$ _____.

Refundable Deposit: ☐\$25.00 Key ☐ No Pets Allowed

☐\$50.00 Cat/Bird/Fish/Small Dog ☐\$100.00 Medium Dog ☐\$200.00 Large Dog

Monthly rental rate of \$_____ per month / 30days, \$ _____ per day.

The second month will be prorated for any partial month rent for move-ins other than the first.

Total Move-in required: \$_____

Address:_____City:_____Zip: _____

Application time. Each applicant you receive should be numbered, then date stamped and the time noted. Any item that is not completed on the form means that you have no applicant. Again, make sure the rental application is signed and dated by the applicant.

Handling Inquiries require skill. This area of management is easily learned, but often training is neglected. Also, many of the office staff may have the wrong idea about the objective of this phase. For example, in real estate sales, the purpose of an ad is to make the phone ring, so you can make an appointment with the prospect. You have to meet with the prospect before you can sell him or her anything, even it isn't the property he or she originally called to see. However, the goal in property rental is to get one or two specific units rented--bait and switch techniques are the wrong methods to meet this goal. Even large complexes usually only have one or two different models. Therefore, the telephone technique for rental property is not to convince the caller to come see you, but to give the caller as much information about the unit as possible. If the unit is not what the caller really wants, it is a waste of the property manager's time to set up an appointment with him or her.

Property managers should have specific training in telephone techniques. Local phone companies often provide some help, and many training tapes are available.

Phone Lines that are only for incoming tenant advertising or owner inquiry is essential. Property management offices should have at least two distinctly separate, non-sequential telephone numbers. They may have a number of lines, depending on the size of the firm and number of units managed. Some firms have a third number for incoming ad calls only.

One line is used for tenants, the other for owners and business operations. The tenant line handles incoming ad calls, tenant maintenance requests, and other tenant business. The business line is the telephone number printed on the business cards, stationary, and checks. Vendors, suppliers and staff personnel call this line. The accounting, administration, and maintenance departments all have access to this number, so owners can reach all these departments with one phone call. As the business grows, a separate number is often given for the maintenance department. If another split is needed because of the number of incoming calls, accounting and computer operations can be separated.

An incoming call log should always be maintained to keep track of all inquiries. A small tally mark is made for each call, each hour, to register the time of day that most calls come in. This helps the property manager schedule personnel working hours and breaks. For example, many prospective tenants make inquiries on their lunch hour, which means office personnel need to be available at that time.

Dealing with Prospects who call about ads should need little more basic information. All the essential information should have been included in the advertisement. If you wrote a successful ad, the only thing the prospect will really need is interior access to the unit.

A good phone system for handling inquiries could include a recorded message describing the showing hours, open-house hours, and any additional features. Important information about the unit should not be hidden. Otherwise the prospect simply discovers that he or she isn't interested or that it costs too much money.

Some owners may want to hide data for discriminatory purposes--so they can discriminate when they screen the phone calls. This is unacceptable behavior and can lead to legal action. A property management business must never participate in unfair practices. Not only will uniform and consistently fair policies avoid legal liability, they also breed referrals.

SHOWING THE UNIT. The rental process including several merchandising techniques that begins with marketing the unit. Good salesmanship skills are needed to move a prospective tenant to an applicant. First should be formal training in anti-discriminate as discussed in this text. A hard-line, zero-tolerance policy must be maintained by all parties from the owner to the owner's representatives. Another part of the process is to schedule open houses at the property during peak traffic hours so commuters can stop in to see the unit. Advertised open houses for lunch hours can also be effective in some areas. Referral programs can also get great results, such as residents get a bonus incentive of something, like free laundry tokens for referring prospects that end up renting a unit-- Discount incentives--e.g., tenants get reduced parking fees for prospects--are also helpful. For larger buildings where there are maintenance crews, offering a free apartment cleaning for referring a future tenant can get excellent results. A rug shampoo after the holidays, along with a spring cleaning, or new paint has worked well for some properties. The workers are already on the premises doing the vacant unit, so there is not that much more effort or expense to do all or part of another unit. Painting a unit is often far less expensive than the cost of newspaper advertising. (You should always check with the local apartment association and/or department of real estate to see what incentive programs are legal in your area.)

Another good merchandising technique is to print a specific time when phone inquiries or on-site inspections can take place. This is especially effective for those buildings where there is no on-site manager. Obviously, the manager can't be on the premises at all times, but the vacancy still needs to be filled. When you can tell three to five people that you'll be showing the unit at 5 P.M. today, you have a good chance of getting one or two to show up.

To save needless trips to the building to show the property, you should always ask the prospect if he or she has driven by the property and seen the building. Tell the prospect the window coverings are open so he or she can see in, and that you only schedule interior appointments after the prospect has driven by. If people drive by and don't like the area, street, neighbors or property, they won't want to see the inside either. On the other hand, if prospects see other people looking at the same property, they may be spurred into taking immediate action.

Be sure the property has excellent curb appeal. If the on-site is completing a rent comparable form, a digital photo of the subject property and any other area vacant property should be sent to the owner or property manager. A look at the picture will show how the image of the subject property compares with similar vacancies. Overgrowth and weeds along the edges, banners, signage, lighting and curb crowding and parking become clear. See to it that prospects like what they see when they drive by. Paint the front door, eaves, and trim to give a crisp,

clean image. (A new paint job is less expensive than a weekend ad, and may attract more tenants.) What really sharpens a place up in many California areas is landscaping. So much of the state is semi-arid, desert-like land. Rye grass can be added to the lawn as a topper, and is often green in two weeks. Sulfate of ammonia feeds the lawn for a quick green effect. Feeding the lawn takes lots of water and needs to be done often, especially while the unit is vacant. Trim the shrubs and trees. Put out a free standing pot or two of bright flowers. Attract the prospect's eye, and he or she is much more likely to enter the front door.

Be sure to explain any credit report fee or other charge to prospects before they go to the property and have the prospective tenant sign a form to allow a credit check. Many California property managers charge the local apartment association credit and unlawful detainer check fee plus a small amount for processing. If there is a fee, remind the prospect that this fee must be paid in cash or by money order in advance, so they should bring it with them. Tell them to make it payable to themselves OR your building payee. If they do not rent, they endorse the funds back to themselves. If they do rent the unit, you may have them sign it and you sign and bank the credit check fee. This method is one way to deselect tenants who waste management time. People who do not have good credit usually know it. These individuals may think nothing of writing a bad check and won't pay good funds to cover a credit check that they believe they will not pass. A prospect may also place a stop payment on a personal check if they are informed that they are not accepted for the unit. The credit check is a good pre-screening device to aid management by not putting a tenant into a property that will shortly thereafter end up as an eviction.

Once you have spent all the time, money and effort to get prospects to the property, have a plan for merchandising the unit itself. The value of the first impression can never be overstated. This means that you *never show a dirty unit*. If the unit is not rent-ready, don't show it, apologizing and explaining what will be done. People who say it looks fine are unlikely to care about the unit's appearance, and it will only look worse when they move out. People who would take care of the unit will be wary of moving in. Worse yet, many will try to negotiate for reduced rent or less deposit in return for finishing the work themselves. Unfortunately, they often never finish the work, or use poor materials and non-professional workmanship. You eventually have to redo what you've already paid for.

When showing the unit, describe benefits, don't list features. There is not much appeal in saying, "Here is an air conditioner. There is the fireplace." They can see the physical features. Instead, point out the benefits of the features. Point out the ease of keeping up the unit. It is much more effective to say something like: "Even though our area usually has mild temperatures, you'll still enjoy this air conditioner when we get those weeks of 90° days. And a cozy fire takes the chill off those nippy winter nights." A humorous approach can also be effective: "I heard a rumor that this walk-in closet is so big a family lost their kid in there for days, and thoroughly enjoyed the peace and quiet."

When showing the unit the property manager must ask questions. Do they want monthly maid service? Do they have pets? Waterbeds? Regularly visiting

Naturally, all agreements will be eventually placed in writing and signed by the parties. The party showing the unit should have every prospective tenant complete a Rental Inquiry form, such as the one example shown. Be sure to obtain a prospect's email address so you can email photos of vacant units in the future.

Maximum Rent per month \$ _____

serves as picture ID. It is wise to verify that the tenant is 18 years old and has the legal capacity to enter into a rental contract. Each minor that has reached their 17th birthday should sign their own application with the statement that they agree to the terms of the rental agreement. This is also an excellent way to verify prior addresses (which are usually printed on the front and listed on the back of the license).

The pay stub should verify the data given on the rental application. It also verifies a tenant's financial ability to afford the rent, showing tax deductions for dependents, garnishments, insurance withholding, and investment contributions. With today's economy so unstable, it is important to get the most current employment information. Not only do you want to be sure the tenant can pay the rent, but your attorney will need the data to garnish wages should a future rent default judgment be obtained. The pay stub may show a social security address, a current address and another spelling or additional names used by the applicant.

- Fraud. Watch for fraudulent applications, referred to as red flag indicators. First, if the rental application is incomplete, this is probably not a sign that they forgot the information, it means that they are not willing to furnish that data to you. People do not give you references and their nearest relative because if they get into trouble with you, they really don't want you chasing them through their family. Another red flag is when you see intentionally sloppy writing. When people forge other people's signatures, it is common that they try to make the other words on the application sloppy so you don't pick up on how bad the forgery is of the applicant's signature or the actual person's identity that they are trying to steal. If you cannot read the information, such as phone number of job and prior landlord or other references, then you cannot call to verify the data. The third level of fraud is intentional false information. This may be indicating that they are single when moving into a one bedroom unit, when in fact, after you give them the key, they move in their wife and three kids, plus the family cat. Look at the age, normal life expectancies for that age, and ask questions. Ask them if they expect to have other people staying overnight with them for more than one night in every consecutive seven. Again, if your apartment consists of all one bedroom units and you have a pool, don't be surprised if a single parent, separated parent, or similar has have a dozen children staying permanently with your tenant over the summer months, during the period that your tenant has custody of the kids. Have applicants write "none" or "not applicable" if that is the case.

APPLICATION TO RENT

(All sections must be completed) Individual applications required from each occupant.

COMPLETE
SECTIONS
2 & 3 ONLY IF
YOU HAVE
LIVED AT
ADDRESS #1
FOR LESS
THAN 5 YEARS

| | | | | | | | |
|--|-----------------------|---------------------|----------------|--|---------------------|------------------------|----------|
| LAST NAME | | FIRST NAME | | MIDDLE NAME | | SOCIAL SECURITY NUMBER | |
| DATE OF BIRTH | | DRIVERS LICENSE NO. | | STATE | | HOME PHONE NUMBER | |
| 1 | PRESENT ADDRESS | | CITY | | STATE | | ZIP CODE |
| | DATE IN | DATE OUT | OWNER/MGR NAME | | OWNER/MGR PHONE NO. | | |
| | REASON FOR MOVING | | | | | RENT AMOUNT per month | |
| | | | | | | | |
| 2 | PREVIOUS ADDRESS | | CITY | | STATE | | ZIP CODE |
| | DATE IN | DATE OUT | OWNER/MGR NAME | | OWNER/MGR PHONE NO. | | |
| | REASON FOR MOVING | | | | | RENT AMOUNT per month | |
| | | | | | | | |
| 3 | NEXT PREVIOUS ADDRESS | | CITY | | STATE | | ZIP CODE |
| | DATE IN | DATE OUT | OWNER/MGR NAME | | OWNER/MGR PHONE NO. | | |
| | REASON FOR MOVING | | | | | RENT AMOUNT per month | |
| | | | | | | | |
| PROPOSED OCCUPANTS LIST ALL IN ADDITION TO YOURSELF | | NAME | | AGE | NAME | | AGE |
| | | | | | | | |
| WILL YOU HAVE PETS? | | DESCRIBE | | WILL YOU HAVE LIQUID-FILLED FURNITURE? | | DESCRIBE | |

COMPLETE
SECTION B
ONLY IF YOU
HAVE BEEN
WITH PRESENT
EMPLOYER
FOR LESS
THAN 5 YEARS.

| | | | | |
|---|---|--|--|--|
| A | PRESENT | | EMPLOYER | |
| | OCCUPATION HOW LONG WITH | | NAME EMPLOYER | |
| B | THIS EMPLOYER NAME OF YOUR SUPERVISOR | | ADDRESS EMPLOYER | |
| | PRIOR | | PHONE NO. EMPLOYER | |
| | OCCUPATION HOW LONG WITH THIS EMPLOYER NAME OF YOUR SUPERVISOR | | NAME EMPLOYER ADDRESS EMPLOYER PHONE NO. | |
| | | | | |

| | | | | |
|----------------------|------|-----------|------|--|
| CURRENT GROSS INCOME | | CHECK ONE | | PLEASE LIST ALL OF YOUR FINANCIAL OBLIGATIONS BELOW |
| | WEEK | MONTH | YEAR | |
| \$ | PER | | | |
| | | | | |
| | | | | |

| | | | |
|------------------|---------|-----------|----------------|
| NAME OF CREDITOR | ADDRESS | PHONE NO. | MO PYMT AMT |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | | | | |
|-------------------------------|---------|-------|------------------------|--------------|
| In case of emergency, notify: | Address | Phone | City | Relationship |
| | | | | |
| | | | | |
| Personal References | Address | Phone | Length of Acquaintance | Occupation |
| | | | | |
| | | | | |

Mother's maiden name _____

Automobile - Make _____ Model _____ Year _____ License Number _____

Automobile - Make _____ Model _____ Year _____ License Number _____

Motorcycle (other vehicles) _____

Have you ever filed for bankruptcy? _____

Have you ever been evicted or asked to move? _____

Applicant represents that all the above statements are true and correct and hereby authorizes verification of the above items including, but not limited to, the obtaining of a credit report and agrees to furnish additional credit references on request.

The undersigned makes application to rent housing accommodations designated as:

Apt. No. _____ Located at _____

The rental for which is \$ _____ per _____ and upon approval of this application by the owner or property manager, the applicant agrees to sign a rental or lease agreement and to pay all sums due, including required deposits, before occupancy. Should no other document be signed, this form shall serve as the agreed upon rent.

Dated: _____, 20_____ Applicant

EQUAL OPPORTUNITY STANDARDS

It is the policy of this landlord to offer housing accommodations to all prospects without regard to color, race, religion, sex, marital status, physical handicaps, or national origins. Discrimination is strictly prohibited.

Property Management Services

P. O. Box 2627
Redondo Beach, CA
90278

(310) 371-3058 FAX

Fraud falls under the Red Flag Rule that implements sections 114 and 314 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act). A “red flag” is a pattern, practice or specific activity that indicates the possible existence of identity theft. Section 315 specifically applies to landlords who run a credit report as part of the rental process when it indicates that the law includes “users of consumer reports.” A user of a consumer report must have policies and procedures in place to form a reasonable belief that you know the identity of the consumer that you obtained a consumer report on.

The areas to look for include the following items. (1) Notifications or warning from the credit reporting agency, such as accounts closed for cause, notice of address discrepancy, or a high number of recent inquiries. (2) Suspicious documents such as any items that appear to have been altered or forged and photograph or signature that does not match the application. (3) Suspicious personal identifying information. The address provided does not match any credit report data, or the social security number was issued to someone else according to the credit reporting agency, or a social security number issued before the applicant was born.

Theft identity is a growing epidemic, especially when bad persons are trying to obtain rental housing. If a senior citizen applies for your apartment but the credit report indicates that they have owned their own home for a long time, is the applicant with good credit making application for a relative they do not want to live with them? Is this applicant helping someone else gain access to your unit that they, themselves, would not allow to live with them?

Denial of Applicant. If the applicant paid a credit check fee, a copy may be provided to that person. If an applicant is rejected because of the credit report, do not discuss any portion of the credit with the prospect. Furnish each applicant with their own notice that they are being denied the rental due to their credit report and furnish the credit reporting agency, such as is shown on the form below.

Screening the Applicant

Screening Process. Screening the applicant has several steps. Tell the applicant the entire process, including if there is a credit check fee for processing the credit report. Does your policy allow the tenant to receive a copy of their own credit report? How long does it take to process the credit report?

Handling the Paperwork. After all approvals, it is time for the tenant to move in. Advise the tenant as soon as possible and make an appointment for the move-in paperwork, walk-thru, and collection of any unpaid fees. Each adult should be present to sign the lease and other papers. Include a sentence on each form, just above the signature, that the person signing is jointly and severally liable for the condition of the premises, all funds due and return of the premises, along with key, in the same condition as received. Personal checks for initial move-in fees should never be accepted. However, the property manager should also refuse to accept cash, as cash is non-insurable and the liability to the property manager is too high. A money order is the best alternative.

Have the maintenance person present when the tenant moves in. While you discuss the rental agreement terms and conditions in Chapter 7 and get all the papers signed, the maintenance person should be removing all temporary window security clamps and devices, and removing the "For Rent" sign, and any flags, banners, and lock box that might have been used during the vacancy. All the door locks should also be changed between occupants. (One key is made for the office, one for the maintenance department, and one for the tenant.) When new tenants see you re-keying when they move in, they are more confident of their security and the property's professional management. At this time, any overlooked repairs should also be made.

The tenant then completes, dates, and signs a walk-thru form, which will be shown in Chapter 8. While completing the rental agreement and walk-thru form, explain the policies and procedures with the tenant. Remind them to call 911 in an emergency, and then the office as soon as possible. Go over office business hours and what to do when the office is closed. Show him or her where the water main and other important utility shut-off lines are. Inside the unit, have the tenant turn on each appliance, such as try the faucets, flush toilets, run the disposal and dishwashers. (This may save a maintenance call later.)

Give the tenant a copy of the paperwork when they sign it. Bring all duplicate copies necessary to complete the transaction. Other paperwork needed will include many of the forms as is shown in Chapter 7, in addition to the lease agreement, such as the Pet Deposit, Waterbed Deposit, House Rules and Garage Rental Agreement.

Verification Process. The following items are a minimum of the level of care that should be given to screening the tenant application. Each item may have additional information.

1. Driver's License. Check the ID carefully and make sure the photo picture matches the person signing the application. Is the signature legible and does the signature on the two documents match. Does the actual license appear legitimate? Does the date of birth, the name, address and identification number match the information written on the application? Any questions mean that the application is stopped until you have a conversation with the application and get a plausible explanation. Otherwise, you reject the application and start processing the next applicant.

2. Social Security Card or Tax ID number. Verify that the number is the same as that given on the application. Do the first three digits coincide with where the applicant says they are from? Obtain a state origin list of numbers and use this information for verification. Again, does the document look legitimate? Check the color of the ink, the font used and see how it feels.

3. Source of Income. Always require the last pay stub. Often a person moves because they lose their job and they are trying to rent a unit that costs less money. And, they try to make the move before they run out of money. The pay stub may have the social security number on it, which helps verify that data also. Call information to verify the employer's telephone number that is shown on the pay stub to see if it is a number at that place of employment. Call the employer.

You may use a written employment verification signed by the applicant. Try to speak to the personnel office and fax over the signed employment verification to verify employment status. Simply telephoning the number given on the application may be the applicant's best friend and co-worker that sits at the next desk and tells you what they were coached to say to you. Don't hesitate to do a call back.

4. Residence. You may request a copy of a recent utility bill that would have the name on the bill match the information on the application, along with the verification of the service address. Your written rental policy may include that a prospective applicant must have resided in the county or state for a specific period of time, such as a minimum of six months in the area.

5. Landlord verification. Due to the motivation that a landlord might have in getting rid of a bad tenant, it is often best to call the landlord two times back, rather than using just the current indicated landlord. When you do call, ask specific questions about when the tenant moved in, how much the rent was when they moved in and how much they are currently paying. Always ask what day of the month they actually receive the rent and how many late fees have been charged to this tenant. A good question is to ask how much maintenance has had to be performed on the unit they rent during the time of their occupancy. Ask if the landlord has a fix number where you may send a written form to that has the tenant's written permission authorization collection of rental information.

6. Banking. You may have the applicant sign a bank verification form authorizing you to make direct contact with their bank. Better yet, ask for a copy of the applicant's last two bank statements. Ask them to show you the rent payment on each statement, the deposit of their job check, and the payment of utilities. The name on the statement and the address shown should coincide with the application information. The statement should coincide with the applicant's earnings. Look for bank charges for Not Sufficient Funds (NSF) and similar activity.

7. Eviction report. Make sure the applicant completes the part of the application that asks if they have ever had an eviction. The credit screening company will verify and report any derogatory information, including evictions. Make sure your written policy indicates that if the applicant has ever had any prior eviction that you will not rent to them. Get the case number of any and all legal actions, including evictions, judgments, family law matters, etc., when obtaining data from the credit reporting agency. If your tenant is a frequent visitor of the courts, money is probably going to go their attorney and you may end up not getting your rent. It is common to run an Unlawful Detainer (U.D.) check to determine if a tenant has experience with the eviction process.

8. Credit report. Use only a reliable credit reporting source, such as the local apartment association. You will want a major, national credit reporting bureau. Order the credit report WITH the eviction report. You may also want to run a criminal history. Never use a credit report furnished by the applicant or a company who sells rental listings to tenants. The credit report should verify the current and last addresses, the social security number and the name of the applicant. If an applicant claims that their bills have been discharged due to a bankruptcy, or in the case of a divorce that the other spouse is responsible for that bill, do not rely

on this information. The credit report should so state a charge off for a bankruptcy. The applicant should have court papers in their divorce settlement papers. Make sure you check with the Fair Credit Reporting Act (FCRA) www.ftc.gov.

9. Criminal report. You cannot be guaranteed that information you receive from another source is correct. That does not mean that you do not check with the sex offender report database to see if your applicant has this record. You are not relying totally on the database accuracy. The apartment association usually offers a criminal report investigation. A court record showing jail time served may affect the balance of the residences on your property. If you find that an applicant has a record for a violent crime against a person, you may wish to fax a letter over to your insurance carrier to ask if they cover the owner of the building again suits by other residences due to the acts made by this applicant that were performed against a neighboring residence. If your insurance company will not cover you in case of crime, you may wish to pass on this applicant.

7.5 SECURITY DEPOSIT FORM

The area of greatest dispute in landlord/tenant relations is in the area of security deposits. An inspection of Civil Code Sections 1950.5 (for residential property) and 1950.7 (for non-residential property should be kept on file) would indicate the exact legal rights. Whenever there is a disagreement, give everyone a copy of the actual law, so that each can interpret its meaning. Do not give legal advice. Again, act as if you are standing in front of a judge explaining your actions, because this often turns out to be the case. Tenants may take landlords to Small Claims Court to recover their deposits.

The main items to remember regarding deposits are that all moneys, other than rent, are refundable deposits, and that an exact accounting must be given to the tenants in writing if you spend their money. An example of an Itemized Disposition of Security Deposit form is shown below. It does not matter if you label the money a key deposit, pet deposit, cleaning deposit, security deposit, waterbed deposit, or anything else. All funds are fully refundable, except for legally deductible expenses. Deductible expenses include paying for any damage caused by the tenant that is *not* normal wear and tear. Use a clear-cut itemization of any legitimate deductions that you may use so that both the tenant and a judge would have no trouble understanding how you reached your calculations. It is a good idea to keep receipts for all expenses that you incurred.

According to Civil Code Section 1950.5, the security deposit must be refunded within 21 days as of January 1, 2003. The landlord has only 21 days to make the refund, including Sundays or holidays. If the landlord fails to refund the deposit within the three week period, the penalty is the amount of the original refund, plus \$200 damages, plus any punitive fees the court may decide to award. If a landlord purchases a property that has long-term existing tenants, it is not unusual that these tenants may have taken possession when the old law allowed only 14 days to refund the tenant's security deposit. In this event, use the Change in Terms of Tenancy form to show that the deposit will be handled within 21 days and not 14 days. The reason the time was extended is due to the time it takes to obtain a bid from a contractor, to

get estimates from workers or to make the repair and obtain the actual amount of damage that is to be charged from the tenant's deposit.

When completing the Itemized Disposition of Security Deposit form, place a photo copy of the actual check written to the tenant on the back of the form. Should any tenant receive any deposit refund, this shows the check number, the date of the check and the dollar amount. If a dispute later arises, it is easy to obtain a record of the transaction when the copy is with the tenant file, rather than having to look to the accounting department to locate a filed check. In fact, since many banks are not returning cancelled checks, this may be the only record copy that the office maintains.

The action also shows the name and address to whom the check was written and where it was mailed. Place any Security Deposit refund, along with the tenant copy of the Itemized Disposition of Security Deposit form in a different colored envelope. One office uses pink colored envelopes for this purpose. All company employees know that they are never authorized to open any envelope that is colored pink. Should a lawsuit arise where the tenant claims that the landlord did not return their funds, the unopened envelope that shows the post mark data is kept in the file to prove intent to refund the tenant money, or to show itemization for funds expended.

When a building is sold, landlords or their agents often overlook their legal obligation to notify the tenants of the name, address and telephone number of the place their deposits have been transferred to. An itemization of the funds, and any deductions made, must be made for the new owner, even if the property is transferred by foreclosure, death of the owner, or otherwise. If the parties fail to do this, the new owner could be held liable if a future owner fails to properly transfer the funds at a much later date.

ITEMIZED DISPOSITION OF SECURITY DEPOSIT
(Civil Code Section 1950.5)

TO: (List each occupant in possession aged 18 years and older)

(All Adult Occupants and All Others in Possession)

PLEASE TAKE NOTICE that the landlord, owner, or owner's agent is providing the following written, itemized statement of disposition of the resident(s)/tenant(s) security deposit funds for the premises situated with the address of _____ (street name) in the City of _____, County of _____, California, with Zip Code of _____ for the ☐ single-family resident, or ☐ multi-family resident, unit # _____ on the date of _____, 20____, and the landlord, owner or owner's agent is hereby furnished to former resident(s) the following itemization:
Itemized Damages: _____

TOTAL DAMAGES
\$ _____

Necessary cleaning of premises upon termination: _____

TOTAL CLEANING

COSTS

\$ _____

Default in rent (explain): _____

TOTAL RENT DUE
\$ _____

Owner or Agent's address:

Resident/Tenants NEW address:

TOTAL CHARGES

\$ _____

TOTAL Deposits Received
(Security, key, pet & other)

\$ _____

BALANCE DUE OWNER
Please immediately remit

\$ _____

BALANCE DUE RESIDENT
Paid by Check # _____

\$ _____

7.6 RESIDENTIAL MANAGEMENT RENTAL FORMS

One of the most important functions of the on-site manager is making sure the rental forms are properly filled out, signed, and served upon the tenant. Many forms are crucial to the proper management of residential property, including the rental agreement, a move-in inspection form, as discussed earlier in the chapter covering contracts, and the deposit agreement, as discussed below.

When a new tenant moves into a residential unit, there is a lot for them to take care of on a normal basis, such as utility connections, change of address notification and dealing with all the boxes. In the hustle and bustle of moving, much of the important items may be forgotten. A move-in letter goes over the items that management may wish to emphasize in a more casual, less formal, letter-style format rather than rely solely on the printed text of the actual rental agreement. A sample of such letter follows.

The technology age is changing the landlord/tenant relations. In the past, law required the landlord to furnish at least one telephone jack for each rental unit. The tenant would have to install any additional telephone lines at their own expense. Many tenants no longer have a land line so these issues are becoming a moot point. A land line may not be used as a telephone, but strictly used as a fax line or for a computer dial-up Internet service. As technology moves more and more items to wireless operations, the need to change the language in the forms used will need to be addressed. Today tenants have options for television services that may include Internet and other options that may include cable or satellite or antenna. The property owner's primary concern is not the method of technology the tenant desires. The main problem is punching holes in the building that allow unwanted insects and vermin into the premises. Some services connect to or disrupt other wiring on the premises when installers are not careful about another provider's equipment. A sample satellite dish and/or antenna addendum to the rental agreement is provided below.

Dear Resident:

We would like to welcome you to your new home. We realize that relocating is a time of stress with hundreds of little details to attend to, and often questions you intended to ask are overlooked. Now that you are getting settled in your home, we'd like to take this opportunity to review some of the terms of your tenancy.

All rents are due on or before the FIRST day of each month. If you are out of town, please send your cashier's check or money order payable as follows:

PAYABLE TO and Mailed to: PM - Property Management
P. O. Box 1234
_____ Beach, CA 90000

You have been dealing with the move-in portion of your tenancy, which may have involved a leasing agent, onsite manager or other person. However, you will now be contacting the main office at (310) xxx-xxxx ask for _____, for any further needs. The regular business hours from 9 a.m. to 5 p.m. on weekdays for handling any questions you may wish to ask.

For maintenance requests, you need to notify the office in writing by letter, fax or email for your requested repair. Emergency repairs, flooding, loss of heat, etc., should be called FIRST to the onsite manager if you have one, or to your property manager. If you reach voice mail they are not available and are temporarily closed at the time you call. A call to "911" is appropriate if the emergency involves any human, rather than the property. Then SECOND, call your property manager's cell phone (310) xxx-xxxx for nights and weekends, IN ADDITION to your written request. For most repairs, you should sign-off on the workman's invoice to assure that the work has been completed to your satisfaction before payment is made to them by the office. As you may know, once they get paid, it is hard to get anyone back to respond to a problem that was not properly taken care of.

You should have been shown where the main and secondary shut-off valves for all water sources and gas lines are located at the time you moved in for earthquake or similar Southern California events. Please be certain that each family member is familiar with these locations so that damage to the property and your personal possessions can be minimized in the event of a problem.

It is common for personnel to perform a monthly drive-by inspection of the property exterior and yard areas. You may, from time to time, find a note on your door requesting you to contact the main office. Autos are only to be parked in designated areas. Inspections are normally to make arrangements for normal maintenance, such as landscaping trimming, etc. Please feel free to give us a call if you need information or tips on how to handle items regarding the property, such as mail or laundry room. We're sure you would like to maintain your home and the surrounding exterior areas in a manner that both you and the surrounding residents and the owner are proud of for property appearance.

We would also encourage you to make arrangements for a renter's insurance policy for your contents through your own insurance agent, such as the one who may handle your auto insurance, health or life insurance matters. These policies are relatively inexpensive and well worth having. Please remember that the owner's insurance policy DOES NOT COVER ANY of your belongings. If you need assistance in obtaining such a policy, please call the office.

We look forward to a long and mutually satisfying relationship with you. We hope that you refer all your friends to inquire about our services or upcoming possible vacancies that we may have. We appreciate your business.

Sincerely,

_____, Broker
Property Management

SATELLITE DISH AND/OR ANTENNA ADDENDUM

THIS agreement is an Addendum and part of the Rental Agreement dated _____
between Landlord and Resident with reference to the property located at: _____

IN CONSIDERATION of their mutual promises, Landlord and Resident agree as follows:

1. The Resident acknowledges that they do not have a right to receive a signal. Only those Resident's who have a balcony or patio that faces South have a right to install a dish subject to the following guidelines.
2. This Addendum shall set forth Resident's rights and obligations respecting the installation, maintenance and removal of one (1) satellite dish and/or antenna within the rented premises.
3. The satellite dish and/or antenna may not exceed one meter (39 inches) in diameter.
4. The satellite dish and/or antenna may only be placed on a balcony, railing or patio totally within the premises being rented. Resident may not install the dish on any outside wall, roof, windowsill, common area balcony or stairwell, or any other common area not under the exclusive control of the Resident.
5. Resident may not put holes in any wall, roof, railing or glass for purposes of installation or hook up.
6. The satellite dish and/or antenna may not protrude or extend beyond the balcony railing line or patio edge.
7. Landlord reserves the right to prohibit installation if the satellite dish and/or antenna is unable to receive signals due to the geographical orientation of the rented premises (i.e. not oriented toward the south) and/or if the satellite dish and/or antenna poses a safety concern, all as determined by Landlord's sole discretion.
8. Resident(s) hereby agrees to indemnify Landlord, its employees, agents, representatives, successors and assigns for any and all claims resulting from Resident(s)' installation, removal, maintenance and/or use of the satellite dish and/or antenna. Resident assumes full and complete responsibility for any personal injury (including death) or physical damage caused by the satellite dish and/or antenna or its installation, removal, maintenance and/or use.
9. Prior to Resident(s) installing the dish and/or antenna, Resident(s) agree to obtain general liability insurance in an amount no less than \$_____ to fully cover any claims which may be made by Landlord and/or third parties as a result of damage or injury caused by the satellite dish and/or antenna, their installation, removal, maintenance and/or use. The insurance policy must name Landlord as an additional insured and a copy of the insurance policy and evidence of the payment of the required premium shall be provided to Landlord prior to installation of the satellite dish and/or antenna.

Some tenants move in without any pet, but later acquire a pet during the term of their occupancy. The property manager who regularly inspects the premises will often find a cat sunning about mid morning in a south-facing window. A digital photo may be appropriate to document the event. Rather than an immediate, confrontational legal notice, a firm, but more friendly, letter may be appropriate, such as the sample provided below. Most residents will claim that the pet does not belong to them and that they are just pet sitting for a short period of time. It is not unusual to claim that the pet has been professionally trained, does not ever "go" inside, and has been declawed and neutered. In the mobile home section of this material in Section 8.2 another form for having a pet on the premises is shown. If a letter, such as the one shown below, takes care of the problem, then no further action is needed.

Dear Resident:

We have reason to believe that you have a pet on the premises that was not part of our understanding of your original rental agreement. At this point, we have several choices and would like you to notify us within 10 days of your intent on the following:

1. Remove the animal from the premises and you stay as our residence.
2. Sign the pet agreement form enclosed and return it to us by return mail. Sign and date the form. Enclose the pet deposit payment.
3. Give notice that you and your pet will be moving. Your rental agreement requires written 60-day notice.

If you have any other questions, please do not hesitate to call.

Sincerely,

A big concern for older residential rental units has been the use of lead-based paint in properties built prior to 1978. The newer paints do not contain this deadly substance so for newer properties the problem has pretty much been alleviated. For older properties, it is wise to have a written agreement, such as the one shown below.

LEAD-BASED PAINT DISCLOSURE ADDENDUM
[24 Code of Federal Regulations section 35.80-35.92]

LEAD WARNING STATEMENT

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, owners must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Renters must also receive a federally approved pamphlet on lead poisoning prevention.

LANDLORD'S DISCLOSURE (initial where appropriate)

_____ Landlord has no knowledge of lead-based paint and/or lead-based paint hazards in the premises. Landlord has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the premises,

OR

_____ Landlord has knowledge of lead-based paint and/or lead-based paint hazards that are present in the premises and has provided the Resident with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the premises. The following documents have been provided:

RESIDENT'S ACKNOWLEDGMENT

Resident has received the pamphlet "Protect Your Family From Lead In Your Home" and copies of all documents listed above, if any. Resident agrees to promptly notify owner of any deteriorated and/or peeling paint.

REAL ESTATE AGENT'S ACKNOWLEDGMENT (initial only if agent involved in rental process)

Real estate agent has informed the Landlord of the Landlord's obligation under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

CERTIFICATION OF ACCURACY

The following parties have received the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Property Address

Date: _____

Resident

Landlord

Resident

Real Estate Agent

Resident

Resident

The court cases and insurance claims for the hazardous material of asbestos and the harm done to humans from this substance have been clearly delineated. Older properties were built with the substances blown into ceilings as insulation, laid on floors as tile and used as ceiling tiles. A sample form is shown below should there be a concern that it might be on the premises. A qualified inspector and a certification for the property might be obtained from a professional when the manager is not sure whether or not the substance is on the premises.

ASBESTOS DISCLOSURE

NOTICE OF AMENDMENT TO RENTAL AGREEMENT

[California Health & Safety Code section 25249.5]

Resident(s): _____

(All Adult Occupants and All Others in Possession)

Premises: _____

(Address, Apt #, City, State, Zip Code)

PLEASE BE ADVISED that the State of California pursuant to Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986, a Landlord with ten or more units must disclose the existence of known carcinogenic material (e.g. asbestos) in buildings built prior to 1979. Therefore, take notice that effective immediately, the following provision will be added and become a part of your Rental Agreement:

LANDLORD'S DISCLOSURE (Initial where appropriate)

- _____ The premises may contain asbestos, a substance known to the State of California to cause cancer.
- _____ The premises contains asbestos, known to the State of California to cause cancer. This hazardous substance is contained in some of the original building materials and in some of the products and materials used to maintain the property. Disturbance or damage to certain interior surfaces may increase the potential exposure to these substances.
- _____ The premises contains asbestos and/or other substance known to the State of California to cause cancer and/or birth defects and other reproductive harm. This hazardous substance is contained in some of the original building materials and in some of the products and materials used to maintain the property. Disturbance or damage to certain interior surfaces may increase the potential exposure to these substances.

1. Resident or their guests shall not take or permit any action which in any way damages or disturbs the ceiling in the premises or any part thereof, including without limitation: (i) piercing the surface of the ceiling by drilling or any other method, (ii) hanging plants, mobiles or other objects from the ceiling, (iii) attaching fixtures to the ceiling, (iv) allowing any objects to come into contact with the ceiling, (v) permitting water or any other liquid, other than ordinary steam condensation, to come into contact with the ceiling, (vi) painting, cleaning or undertaking any repairs of any portion of the ceiling, (vii) replacing light fixtures, (viii) undertaking any activity which results in building vibration which may cause damage to the ceiling.
2. Resident shall immediately notify Landlord in writing, (i) if there is any damage to or deterioration of the ceiling in the premises or any portion thereof, including without limitation flaking, loose, cracking, hanging or dislodged material, water leaks, or stains in the ceiling, or (ii) upon the occurrence of any of the events described in paragraph 1 above.
3. Resident and their guests shall not use or keep in the premises or cause to enter or remain in the premises, any dangerous substances, including without limitation, materials identified as hazardous or toxic under any federal, state or local laws or regulations and any other poisons, explosives, corrosive or radioactive materials.

This Notice is to comply with California Health and Safety Code section 25249.5. No action is required to be taken on your part based on this Notice. Your occupancy of the above unit is otherwise not affected. All other terms of your Rental Agreement remain in full force and effect.

Dated: _____

Landlord

7.7 Forms used during Occupancy

Change in Terms of Tenancy. The Notice of Change of Terms of Tenancy, such as the sample shown below, is the legal notice used most often for rent increases, but it has many other uses as well. Under item #3 of the form, "Other Changes:" any other changes can be listed. For instance, the form may be used to notify the tenant of the name, address, and telephone number of the new property owner or manager. It may be used to indicate that rent is to be payable in money order or cashier's check, instead of personal check. It may be used to change the date rent is due, or specify that the tenant is to begin paying for certain utilities. All other lease terms remain the same, except what is specifically listed in the form. Because a formal legal notice may not be very diplomatic, a letter of explanation might accompany the legal notice explaining the increase in costs or change in insurance or change in the property management company.

Another common problem is that during the terms of the tenancy, the tenant may break one of the rules or violate a policy. In this case, the tenant should be immediately notified of the problem so that they may take care of the matter. Sometimes the tenant does not know what their children do after school on the premises, but before the parents come home. Sometimes the tenant did not even know that the action was not allowed. It is best to allow the tenant to discontinue the problem on their own rather than the property owner having to take legal action to make them stop doing something. A sample form that may be used is shown below.

The manager should be clearly trained to understand the areas that do not belong with the property and that the manager is not to become involved with concerning the residents. Items such as spousal, child or elder abuse are not part of the landlord and tenant legal relationship. Domestic issues are to be referred to be the police and not to be part of the management job for the premises, as are similar such kinds of people issues.

NOTICE OF CHANGE OF TERMS OF TENANCY

To: _____ and to all others in possession

of the premises commonly known as ☐ Single family residence ☐ Apartment # _____

_____, _____ California Zip Code _____
Street Address City

You are hereby notified, in accordance with Civil Code Section 827, that

☐ 30 days after service upon you of this notice, or

☐ ____ / ____ / ____ (whichever is later), your tenancy of the above designated premises
will be changed as follows:

1. The monthly rent which is payable in advance on or before the ____ day of each month.

2. The monthly rent will be the sum of \$ ____ (instead of \$ ____ current monthly rent).

3. A change in service:

☐ A. Tenant/Resident to pay the following:

☐ Water/Trash--Payable to _____

☐ Gardener--Payable to _____

☐ Other: _____

☐ B. Resident to pay additional \$ ____, designated as security deposit, refundable as
per Code Section 1950.5, written 21 days from when owner regains possession.

4. Mail Cashier's Check or Money Order only; no personal checks, to address shown above.

Except as herein provided, all other terms of your tenancy shall remain in full force and effect.

DATE: _____

OWNER/AGENT

NOTICE TO PERFORM CONDITIONS AND/OR COVENANTS OR QUIT

TO: _____
(LIST ALL AUTHORIZED ADULT OCCUPANTS IN POSSESSION)

PLEASE TAKE NOTICE that you are in violation of the terms of your rental agreement for
THE PREMISES HEREIN REFERRED TO ARE SITUATED IN THE CITY OF _____

COUNTY OF _____, STATE OF CALIFORNIA, DESIGNATED BY STREET NUMBER
ADDRESS _____ AND ZIP CODE of _____
OF WHICH YOU NOW HOLD POSSESSION, IN THAT,

WITHIN THREE DAYS AFTER THE SERVICE ON YOU OF THIS NOTICE YOU ARE HEREBY
REQUIRED TO PERFORM OR OTHERWISE COMPLY WITH THE ABOVEMENTIONED CONDITION
AND/OR COVENANT OR QUIT AND DELIVER UP THE POSSESSION OF THE PREMISES.
YOU ARE FURTHER NOTIFIED THAT IF YOU DO NOT COMPLY WITH EITHER OF THE ABOVE,
THE UNDERSIGNED DOES HEREBY ELECT TO DECLARE THE FORFEITURE OF YOUR LEASE
OR RENTAL AGREEMENT UNDER WHICH YOU HOLD POSSESSION OF THE ABOVE-
DESCRIBED PREMISES AND IF YOU FAIL TO PERFORM OR OTHERWISE COMPLY,
LANDLORD/LESSOR WILL INSTITUTE LEGAL PROCEEDINGS TO RECOVER RENT AND
POSSESSION OF SAID PREMISES WHICH COULD RESULT IN A JUDGMENT AGAINST YOU
INCLUDING COST(S) AND NECESSARY DISBURSEMENTS TOGETHER WITH TREBLE DAMAGES
AS ALLOWED BY LAW FOR SUCH UNLAWFUL DETENTION.

*"AS REQUIRED BY LAW, YOU ARE HEREBY NOTIFIED THAT A
NEGATIVE CREDIT REPORT REFLECTING ON YOUR CREDIT
RECORD MAY BE SUBMITTED TO A CREDIT REPORTING AGENCY
IF YOU FAIL TO FULFILL THE TERMS OF YOUR CREDIT
OBLIGATIONS." CIVIL CODE 1785.26(c) (2).*

DATED THIS _____ DAY OF _____ 20__

(AGENT) GROGAN (OWNER)

7.8 Move-Out Forms

Commonly, a tenant will phone that they are moving. Since the written rental agreement calls for written notice of their intent to move, the manager should have a form letter prepared in advance to review the move-out rental policy, such as the sample provided below. Any time the manager can clarify information and assist in better communications of the process, fewer problems usually occur. In this way, the tenant has a clear statement of what will be expected of them and how the process will work.

Dear Resident:

We have reason to believe that you may be moving from the rental we manage and we would like to give you assistance by reviewing the following checklist of move-out instructions with you.

4. Have you given your 60 day prior WRITTEN notice to move? We have a form available if you wish to use it.
5. Have you informed us on how we may show the interior to prospective renters? Do we call your home? Or work? Or cell?
6. Contact us for an appointment for your move-out walk thru. This meeting must be after every item is out of or off the premises--not when you are still doing the last load. This is for your protection as to receiving your deposit back and return of the keys so that you are not liable for any damage that might happen after you leave the unit vacant.
7. What are you expected to have done to the premises? We expect the interior to be in the same (equal to) or better condition as when you took possession. This usually means clean carpets, all trash and debris removed from the premises, fingerprints washed off switch plates, all yards mowed and edged, refrigerator/stove/oven (including broiler pan) clean and shiny, and similar cleanliness.
8. What can you be charged for? Please refer back to your move-in walk thru and compare the condition of the property. Charges are usually made on what is common sense. If you lived in the property 5 years and the walls were never painted, you should not be charged for repainting the interior, unless you left lots of holes in the walls that have to be filled, then the wall painted. If you lived in the property for only 3 months, and it was freshly painted when you moved in but is now dirty, you should wash the walls or hire someone to wash the walls. You are not authorized to paint.
9. As we do not keep cash in the office or on our person, we will only mail your security deposit. It is mailed to the forwarding address that was provided for on the move-out walk thru sheet, or to your last known address (the property address you are vacating), along with your written accounting sheet, showing any deductions.
10. The return of your security deposit is refundable, by laws, within 21 days. We try to process this much faster, if you help in speeding it up.
11. If you wish to use us for a credit reference for the new place you are buying or renting, we do not give out information over the phone. You must provide us with your written permission so that we may give out this private information to a third party. Please advise your new landlord of this policy so that they do not needlessly call. We would never, knowingly, tell a bill collector where you work, or your ex-wife, or your mother-in-law, or your new landlord--so help us give you a good rating.
12. If you cannot give the full 60-day WRITTEN notice, and if we do not re-rent the property, you will be charged for the rent. You can help by letting us show the inside to a future tenant. If someone else rents the property your unused portion will be refunded to you. We do not and cannot charge two persons for the same space for the same time period.

13. If you gave written notice that you were moving by a certain date, say the first (1st), but you need to stay another week or longer, say the tenth (10th), notify us as soon as possible. If we have re-rented the property, and this person has another place to stay, we will do our best to try to help work with you. But the next resident may need the unit on the first.
14. If you have a friend(s) who wishes to rent the property, they must go through the same process that all tenants go through, and that you probably did. If you just let them move in and take over your space, and they do not pay, you will probably be surprised to find your paycheck short when we have it garnished for a judgment for nonpayment of rent. We certainly do not want this to happen to you!

If you have any other questions about your up-coming move, please do not hesitate to contact us so that we may help solve any problems in advance.

Sincerely,

The form already discussed above for the move-in walk thru form would again be used on the move out to note the condition at the current time and to note any changes that are above normal wear and tear. Again, this is the time when a digital camera may be useful to keep a recorded record of the condition of the premises.

It is good advice for the manager to have available to the tenant a legal form that helps them comply with the law and with operations and policy for the unit. If the tenant has a form they can easily complete, it helps them do what is necessary to process their move out and to obtain the refund of their security deposit. The following is a sample form that may be furnished by the landlord and may be used by a tenant.

RESIDENT'S INTENT TO VACATE

TO: Property Management Services, P. O. Box 1234, ____ Beach, CA 90000

You are hereby given notice that as of the date of _____ (not less than 60 days from receipt by Owner/Agent/Landlord, including postmark on an envelope mailed to the post office),

I/We intend to move from the premises rented by me and referred to as:

_____.

I/We understand that this notice is required by Section 1946 of California Civil Code and that rent shall be due and payable to and including the date of termination.

After all my/our possessions are removed from the living area, garage, storage areas and all parts of the premises, I/we will notify the manager/agent/owner/landlord and return all the keys.

I/We understand that the security deposit, if any, will be handled according to the applicable Civil Code Section 1950.5 and that any refund due me shall be mailed to the

Forwarding Address of: _____

Resident

Resident