



# Monthly Newsletter

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## Security deposits: charging tenants for damage.

California West deals with hundreds of security deposit returns every year and there are times when we have disagreements with tenants. This is a time of year in San Luis Obispo when our staff is busy returning deposits and charging tenants for any damages that they caused to the properties where they lived.

That said, there are times when we have to explain to property owners that they cannot charge tenants for every penny of repairs when a unit turns over. At the end of the day, we represent property owners and will appear in small claims court if necessary to defend a legitimate charge.

Common disputes with tenants over security deposit charges often involve painting and floors. The rule in California is that tenants may not be charged for "ordinary wear and tear" but that is far from a clear standard.

Generally, courts assume that a paint job should last 3 years and carpets approximately 7 years, but there are always exceptions. A wear pattern on brand new carpets might indicate inexpensive carpet. Similarly, very expensive carpet with a long warranty can be expected to last for more than 7 years. So, there is no set rule.

At California West, our job is to make judgment calls on these issues and strike a reasonable balance between protecting our clients' investments and not being unreasonable with tenants.

Being unreasonable with tenants is more risky than simply having to return a deposit. If a judge believes that a landlord acted in bad faith in not returning a deposit then the landlord can be required to pay up to three times the security deposit to the former tenant.

Our job as a property manager is to charge where appropriate but no more than a reasonable amount. Knowing what is reasonable comes down to experience and common sense.

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## Utility bills revert to property owners' names when tenants move out.

When there is a vacancy at a house or apartment, no matter how short, our clients are likely to see utility charges on their financial statements.

What happens is that when tenants move out of a unit, California West performs what is called a "clean and show." This is where we call the utility companies and put the utilities into the name of the property owner.

*New tenants are not always mindful of turning the utilities on in their names.*

The reason for a "clean and show" is so that there is utility service at the unit while we are getting it ready for a new tenant. For example, we need electricity for lights to do a move-out inspection; our cleaning people need hot water to do their job; and other vendors also need power, water, and gas to get the unit ready.

One problem we encounter is that new tenants are not always mindful of turning the utilities on in their names. We remind them when they pickup their keys that they need to do this, but that is not always enough to make it actually happen.

When new tenants fail to put the utilities into their name, we then call the utility companies to turn off the power, water, and gas. We usually give them a few days (and charge them accordingly), but ultimately it is their responsibility setup their utility accounts and they will be without power if they fail to do this.

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## Dealing with noisy tenants in San Luis Obispo.

Being a college town, San Luis Obispo has a city ordinance that prohibits excessive noise by residents. When there is a violation, it results in a citation and fine to both the tenant and to the property owner of \$350.00 to \$1,000.00. As part of our standard lease, tenants must reimburse property owners for any fines.

Part of California West's screening process for new tenants is to ask previous landlords whether a prospective tenant has ever received a citation for violating this ordinance. However, even with the best screening procedures, some of California West's tenants still occasionally violate this ordinance.

Therefore, please us know if you receive any notices from the City about noisy tenants and we will handle appropriately.