



## Monthly Newsletter

October 2018

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### **Security deposit refund disputes sometimes require us to appear in small claims court.**

California West returns a few hundred security deposits every year. Most returns are uneventful. Tenants break things, we take pictures, we hire people to fix things, and we deduct those charges from the former tenant's deposit. Pictures are critical in being able to convince former tenants that our deductions are reasonable. Nevertheless, there are still disagreements that sometimes end in small claims court.

In a recent example, we had a couple who assumed a lease from some college students in 2013. The students moved into the property in 2011. The couple bought a house in 2018 and gave us notice they were moving. After moving, there was a disagreement over the amount of the deposit that we refunded. In addition to not returning the \$1,795 deposit, we sent them a bill for additional damages of nearly \$1,000. So, total damages of nearly \$2,800.

The biggest charges were for painting, cleaning, and yard care. The painter charged \$3,800 to paint the house and extra work was caused by the tenants who had painted a mural and some bright colors on walls. The amount we charged to the former tenants was \$1,200. There was nothing scientific about this estimate, it is just what we believe was fair under the circumstances. The house also had to be cleaned for \$675 (very filthy!) and there were yard cleanup charges of \$1,000 that we split 50/50 between the owner and tenant.

After we stood firm on the charges, the former tenant decided to file a small claims action against us as agents for the property owner. We appeared at court to defend our position. Appearing in small claims court is something that we do, sometimes as often as once or twice a year.

In the end, we agreed to accept a \$300 payment from the former tenant through the court's voluntary mediation program. We felt this was better than the collection and litigation risk that would have arisen if we had insisted on presenting our defense in court. Every property owner has a different appetite for risk but this recovery of an additional \$300 above the deposit amount -- although not ideal -- was probably the best outcome under the circumstances.

## **Tenants may now pay their rent to California West at 7-Eleven and CVS locations.**

Many of our tenants, especially those who live in Oceano, parts of Grover Beach, and Santa Maria rely on money orders to pay their rent. These are tenants who do not rely on traditional banks to save money and pay bills. For these tenants, California West now offers the option to pay rent with cash at 7-Eleven and CVS stores. Many of these tenants are currently in the habit of visiting 7-Eleven stores to purchase money orders.

*When a cashier at 7-Eleven or CVS scans a barcode that we provide, the cash that the tenant pays is automatically sent to California West's trust account and is credited to the tenant's ledger.*

The way this new option works is that our staff generates a payslip with a unique barcode from within our AppFolio accounting software and we print that payslip and give it to a tenant who wishes to utilize this new option. The barcode on the payslip is associated with the tenant's payment ledger on AppFolio and the same barcode can be used every month to pay rent.

When a cashier at 7-Eleven or CVS scans the barcode, the cash that the tenant pays is automatically sent to California West's trust account and is credited to the tenant's ledger. The tenant pays \$3.99 per transaction for this service and there is a maximum transaction amount of \$1,500 with a daily maximum of \$2,900 for multiple transactions. These fees are similar to what money orders cost but this option has the benefit of immediately sending the money to our trust account without having to deliver a money order to our SLO office.

California West still accepts money orders and this is simply another choice that that tenants now have to quickly and easily pay rent.

## **First installment of property taxes are due on November 1 and late after December 10.**

As always, the first installment of property taxes are due on November 1 and late after December 10. For clients of California West who wish for us to pay their taxes from the rents that we collect, those payments were mostly all made in October. The only exceptions are if we had insufficient funds or if we had other specific instructions from a client. Therefore, if you are expecting us to pay your property taxes, then please check your monthly financial statements closely to make sure the first installment has been paid.

Also, if you wish for us to pay second installments before the end of the year then let us know soon so we can make sure that happens. You may wish to speak with your tax advisor to see if paying second installments prior to the end of the year will make sense for your tax situation. Second installments are due on February 1 and late after April 10 but may be prepaid.

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