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Landlord Tip of the Month - November 2011

Welcome to the current edition of Ropers Majeski Kohn & Bentley's Landlord Tip of the Month E-mail Newsletter!

Each month we provide a "best practices" suggestion or respond to a frequently asked question we get as lawyers for landlords. We hope you find the material useful in the ownership and management of your rental property.

This Month's Tip: HANDLING TENANT MOVE-OUTS

One of the areas that is often overlooked is how to properly handle a tenant move-out, especially the proper handling of a tenant's security deposit.

Assuming the tenant gives you at least 30 days notice, or if you terminate a tenancy with either 30 or 60 days notice, you must provide the tenant with a notice informing the tenant she/he has a right to request a pre move-out inspection. (Civil Code § 1950.5.) If the tenant requests the pre move-out inspection, it must take place no later than two weeks before the last day of the tenancy. In practice, a pre move-out inspection is similar to a pre move-in inspection or a final walkthrough inspection of the unit: the purpose is to note defective conditions and damage beyond normal wear and tear. With the pre move-out inspection, however, you are also required to give the tenant a good faith estimate of what you anticipate the repairs will cost. The California legislature's rationale behind this pre move-out inspection is that it provides the tenant with an opportunity to make some repairs to the unit in order to get more (or all of) their security deposit returned.

Of course, as a practical matter, you will not be able to see all of the areas of the unit at the time of this pre move-out inspection - there will likely still be furniture and the tenant's other personal property covering up much of the unit. So your pre move-out inspection may very well be limited by these practical matters. Nevertheless, you should do your best and document the conditions you can see and that you reasonably expect will need to be repaired (i.e., deducted) from the security deposit. If you do not know what the repairs will cost, and lack the personal knowledge/experience to estimate the repair costs, it is best practices to bring a contractor or handyman along with you, to provide you with repair cost estimates.

After the tenant vacates the unit, you have 21 days in which to account for and return the tenant's security deposit. This accounting must be in writing and itemize both the amounts deducted for back rent and costs for necessary cleaning and damage repairs. The accounting must be accompanied by receipts for labor and materials expended to clean and fix the damages caused by the tenant as well as a check for the balance of the security deposit, if

Depending on the amount of security deposit held, some landlords may choose to forgo the move-out inspection process and simply refund the full amount of the deposit. Remember to be consistent with how you handle tenant move-outs. Do not perform move-out inspections for only some tenants but not all tenants – this may be trigger a discrimination claim.

The Bottom Line:

They say timing is everything! Make sure you timely serve the notice to the tenant that they have the right to request a pre move-out inspection. If they do request an inspection, make sure you timely perform it. After the tenant vacates the unit, make sure you timely account for their security deposit and refund any unused or undisputed amount. Finally, don't do inspections for some tenants and not all tenants – treat them all the same.

We Love To Hear From You!!

If you have a topic or question you would like addressed in an upcoming edition of our Landlord Tip of the Month newsletter, please send us an email.

About us:

Steve Lightfoot and Jess Love have over 40 years combined experience as owners, managers and lawyers for landlords. We bring an aggressive, yet practical approach to Landlord-Tenant matters. We represent residential landlords and commercial landlords and tenants in disputes concerning leases, habitability, rent increases, wrongful eviction, unlawful detainer, square footage, breach of contract, discrimination, retaliation and toxic (mold, asbestos) exposure. Our clients range from small, family-operated owners with a duplex to large, sophisticated property owners who have 500+ units in their portfolio. We also have expertise handling residential landlord-tenant disputes in sensitive Rent Board and Eviction Controlled jurisdictions such as San Francisco, Oakland, Berkeley, West Hollywood and Santa Monica. We are frequently invited to present seminars to residential landlord trade associations and keep our clients and contacts abreast of developing laws and helpful tips for successfully managing rental property. Contact Steve at slightfoot@rmkb.com and Jess at jlove@rmkb.com.

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