

What you should know about . . .

the annual landlord-tenant check-up

By Elizabeth Erhardt

WE'VE ALL HEARD THE HORROR STORIES

ABOUT UNPREPARED OR overly trusting landlords in San Francisco being taken to the cleaners by their tenants. By taking a few simple steps each year, you can minimize the risks inherent in being a landlord and maximize the benefits.

Step One: Be proactive

Owning rental property is not a passive enterprise. Every landlord must be vigilant in his or her upkeep of the property and record-keeping of the occupants.

Step Two: Inspect the property annually

Landlords should enter each of their rental units at least once a year in order to assess the property for necessary upkeep, repairs and improvements. Do not rely on the tenant's assessment of what needs to be repaired: All too often tenants will overlook structural problems in favor of cosmetic ones. Areas of particular concern are windows. Water intrusion around windows and bathrooms can lead to costly future problems involving dry rot and mold. Since you must annually change the batteries of all the smoke detectors and check the fire extinguishers in each unit, you can easily combine all the tasks in one trip.

When tenants understand that you are actively engaged in managing the property, they will be much less likely to try to sneak in unauthorized occupants or prohibited house pets.

Step Three: Establish a baseline

Many new owners simply inherit the existing tenants when they acquire their property. For those of you in that situation, establish a baseline with respect to the condition of the rental units at the beginning of your tenure as landlord. Go into each unit and videotape or take pictures of the structure. Unless this baseline has been established, it will very difficult for you to distin-

guish between normal wear and tear and more significant damage attributable to the tenants.

Step Four: Keep good records

In addition to maintaining the property, keep proper records for each and every tenancy. Specifically, you should maintain a separate file for each unit. Within that file, you should keep a copy of the rental application, the rental agreement, any modifications or changes to the rental agreement, any rent increase notices, any 6.14 notices, records of any maintenance performed in the units, as well as copies of all communications with the occupants. It is a good idea to memorialize in writing any significant conversations you have with your tenants and keep copies of these.

Additionally, keep copies of all rental checks. It is important to differentiate between the date written on the check by the tenant and the date you actually receive the check. Your record-keeping should reflect any difference between those two dates (if the tenant mails you the check, keep the postmarked envelope). Before cashing any check by a tenant, make sure that there are no notations on the check indicating or suggesting the existence of an additional occupant or intimating that the amount on the check in some way reflects an agreement regarding any rent reductions or settlement of any existing dispute. Specifically, look for words written on the check such as "as we agreed," "accord and satisfaction," or "repair and deduct"—these checks should not be negotiated unless and until you have conferred with an attorney specializing in landlord-tenant law.

In addition, keep a general building file containing records of all building improvements, the insurance policy covering both building and any landlord-tenant matters, contact information for electricians, plumbers, carpenters, locksmiths and handypeople, and copies of PG&E, water or garbage bills (to the extent applicable).¹¹

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