

EP53: Let's Get Your Income Property Ready to Make Money

Welcome to the Landlord Logic Show, hosted by John Tiner. John is the owner and CEO of Tiner Property Management, a three generation family business since 1976. Tiner Property Management expertly manages over 1,000 properties in the greater Sacramento area to place quality tenants quickly while minimizing your risk. John stays up to date on all the new laws and regulations and shares his knowledge with do it yourself landlords each week.

The Landlord Logic Show with the Tiner Property Management Pros. Joining us now, John Tiner, along with his wife and business partner, Jenny Tiner.

Welcome to the Landlord Logic Show. We are so glad you're with us today. In the studio, as usual with me today, is my wife, Jenny Tiner. Welcome, Jenny.

Thank you. Hi, everybody.

And we're coming into the summer months and everything's changing. The weather's getting warm. And with regard to property management, that's always a time when we see HVACs break down. But before we dig into that topic a little bit today, we just wanted to tell you a little bit about who we are.

Tiner Property Management is a property management firm, family business, 50 years in business this year. So it's been doing it a long time. We're good at it. But we make owning rental properties turnkey and easy for the landlord. Take the risk out of it, minimize your risk, maximize your return, keep up with the rents. We do rent increases. We help find great tenants. That's probably the most important thing we do. And with 1,400 rental properties, we're doing about one eviction a year. So we're really, really good at selecting good tenants in the first place.

But then we keep up with the rents, raise them when they're going up, try to do the lease renewals to keep people on leases. We coordinate the repairs for you. We don't own our own repair company. I kind of feel like that's a conflict of interest, but we do get all the repairs done. We assign about \$4 million a year in work orders, so we have great relationships with independent contractors. And then we do all the monthly accounting and the year end accounting, so everything that you need for your tax preparation is laid out in a pretty easy report for you. And we do all that for about the price of a gardener. It's really affordable.

And I think one of the most important pieces of it all is that we keep up with the new laws, which is changing very quickly right now. A lot of new laws. We just spent a week in Napa and had a whole day on new laws for 2026. So it's a lot to know and it's a lot to stay in compliance with. And then there's always the law and then there's how do we treat it? What do we do about this law? How do we stay in compliance and still have good common sense about our practices? So what's the best practice around that? So that's what a professional property management company does for you.

And I think there's several good ones in Sacramento. I think I'm biased, but I think we're the best. Statistically, we do some things extraordinarily well, like the eviction rate we have is about a tenth of what's normal in the industry, even more so when landlords are trying to do it themselves. We just have extra tools for screening tenants that the average person would not have availability for. We can check people's bank records and see if their income is really what they claimed or not in a legitimate way. We can see what the rent they actually paid out through their bank records. We can even see if they tell us they don't have a pet and they've been going to PetSmart all the time. That'll leave a flag for us.

So great tools. We have a wonderful screening coordinator that screens all of our applications, and she's very good at finding if there's a problem with an applicant or finding a really good one, which is just as important. Find a great one, right?

Yeah, and we have good software too that helps find some fraud along with that. And then the human factor there too is reviewing all of that as well.

I always like to say when you call a landlord to ask for a reference and you ask a question like, would you rent to them again? And they pause and then they say, well, probably, or if they qualify, it's important to take that next step and say, it sounds like there's more to this story. Is there something else you could share with me? And if you don't take that extra step, you don't find out. So you need to be kind of investigator.

Yeah. And also call the landlord before the landlord, the previous one, because the one that they're leaving may not tell you the full truth.

Right. Go to the prior landlords. Right. Ask the same 18 questions. We ask 18 questions of everybody. We find people call us sometimes to run a reference and they ask three questions and it's just not enough. We need to know, have you been in the property? Did they get along with the neighbors? Did they have a pet? They're telling you they don't have pets and they had a pet where they are. That's very important information, right? So we ask 18 questions. That gives us a really good indicator of whether or not the tenant's landlord history is good. And then again, like you said, go back to that prior landlord.

Yeah. So we're a full service management company. We do everything. We make it easy. So if you are in the area of Sacramento, give us a call. Check our website out. Phone number is 916 974 6003. Tiner.com. And that's T I N E R.com.

So what we'd like to talk about today is we're getting into, like John said, the summer months. So what are just some things to get your property ready for summer? And then we're also going to go through some mistakes that people make for security deposit refunds.

Yeah, there's a few common mistakes that cause them to lose their case if they go to small claims court on a security deposit. So we'll walk through those.

Yeah, security deposits, they're important. It's interesting. Some of our reviews, the worst reviews are security deposits. But it also shows that we know our stuff and we're our owner's advocate.

Tenants never think that they're responsible for their damage. Not never, but often don't think they're responsible. Or they think it was clean enough. You shouldn't be judging them for cleaning. But we hold a lot of money out of deposits whenever we think that's fair. And we defend it well. And we defend it in court, if need be, going to court for the owner. And we win a high percentage of those cases, about 80%, 90%.

Right. And we say this. We want to give the tenant's deposit back. Like, it's not our goal, too. So, you know, if you're a tenant listening, then do this stuff. We want to give you your money back.

Don't suck as a tenant.

We tell them exactly what we need. We give them cleaning checklists. We tell them exactly what we need.

It's summertime. It's a couple things. So one thing that we see every year when it gets hot, and we're about to come into that season here, in May usually we have days that are over 100 degrees. But as soon as it gets hot, it stresses air conditioners out. And air conditioners break when they're stressed out. So we always, you know, when it gets really hot, we have a heat. Last year we had a lot of hot days. But when we have those hot days come in and the air conditioners start breaking, pretty soon you can't hardly find a vendor that will even work on them for several days. And when your air conditioner doesn't work and it's 105 out and your tenant is miserable and you tell them that nobody can come for a week, they really are upset and understandably.

So one of the ways to avoid that is this time of year in the spring, go ahead and get that HVAC checked. And thoroughly cleaned, they'll clean not only the filters, that's the obvious one that usually the tenant should be taken care of anyway, but they check that for us. But they also clean the A coils and the parts of the air conditioner. They run it. They make sure there's a good differential in the cooling, and it should be at least 20 degrees between the intake and the outtake. And they'll check, make sure that the vents aren't leaking and quite a few of those things. So for around a little over \$100, I think now they do a really thorough checkup. We get a bulk discount because we do so many of them each year.

We do gutters in the fall and then we do the HVAC in the early summer, late spring. And so we offer all of our owners to have this done. The vast majority of them are okay with that. I think it's one of the good maintenance items that you should be doing. And then we set up big routes and our vendor goes out and checks them all. And because of that, we don't have near as many failures in the summer. We have just checked them, made sure they're working right. That helps a lot.

And change filters. Make sure they'll check that too. That helps. A lot of people don't know if something works until they need to use it. If you don't turn the air conditioner on until it gets real

hot, it may be too late. I don't laugh. It's tragic kind of, but it's inevitable. But almost every Thanksgiving, we have a tenant call and they say, we have 20 people here and the oven doesn't work and we have a turkey and how are we supposed to cook it when our oven doesn't work. When's the last time you used your oven? Like last Thanksgiving? So, yeah, check these things out before you need them.

Yeah. That's a hard one if it's 100 and something degrees. And it's easier in the wintertime to put a heater in, but it's harder in the summertime to cool down.

Yeah. So that's just a tip on preventative maintenance. Yeah.

Right. So now what we'd like to go through is eight of the biggest mistakes landlords can make with security deposit deductions or refunds. So this is one of the most contested items in landlord tenant relationships. Sometimes things can go pretty good all the way to the very end. Tenant moves out and the landlord has things that they want to fix to restore the property. And the tenant disputes and thinks that you didn't really need to or you're being unfair about the deductions. So a lot of times we see these go to court.

I always like to acknowledge the one thing I'm very proud of, and I always want to knock on wood when I say this, but we've had all these accounts for 50 years now. We've never been to court with an owner. Arbitration, mediation. We've worked things out when we've had problems. We haven't gone to court. So we don't go to court a lot. We don't go to court ever with the owner because we work for them and we really should be on the same page. And I make things right. If we make a mistake, I make things right with people. But the one that we do go to court with all the time and several times a year is with tenants over the security deposit. And we're very successful there. But a lot of landlords, because we hear the other cases that are being tried on those same days. And if the landlord doesn't do things right, they're going to lose those cases. And I would say the majority of the cases end up the tenant wins, not the landlord.

So we want to walk through what those items are and maybe ways that you can avoid that. If you're a landlord listening today and you want to be able to make deductions and make it stick and not lose that later on in court. Because if you lose and the judge found that you were holding that deposit in bad faith. That's a legal term. But they could award triple damages. So you could have a \$2,000 deposit, security deposit, and end up losing by \$6,000.

Right. It's usually not awarded unless it's flagrant. Well, we're all in a tenant friendly state. So the benefit of that will always go to the tenants. And so you've got to be extra. Dot your I's, cross your T's. Document, document, document.

Yes. Okay, so the first thing, too slow getting it done.

Right. So California law, I think it's Civil Code 1950.5, I think we know this one by heart, is that you have 21 days to refund the tenant's deposit and account for it after they vacate. So they vacate, you got 21 days to get that at least postmarked in the mail. And so if you go beyond that, it doesn't matter how much damage the tenant did. If you haven't done it right and you

missed the 21 day mark, then you're going to lose the case. The judge won't care. You missed it. They're going to ask you to give them all their deposit back.

There's an exception, though, on the 21 day rule, and that is that sometimes tenants leave a property in such bad shape, there's no way you can get it all done in 21 days. So if you tell them in writing, I'm going to need more time, and you give them an estimated amount, And if you know that they're going to get some of the money, you're supposed to estimate the amount that you give them back and then just hold enough to cover the work and then get the rest of the work done. And then you have 14 days after that last bill comes in to complete the deposit refund. So either 21 days or written acknowledgement that it's going to take longer. An estimate with accounting and an estimated check, if that's applicable. A lot of times, one, does it take over 21 days? You're going to use all the deposit anyway because it's rough. That's right. It takes more than 21 days to get it done. But then, otherwise, it's very important that you watch that timeline.

Okay, so the second one, failing to offer the tenants a pre move out inspection in writing.

Yeah, that's one a lot of landlords miss. Professional property managers wouldn't because we know the law and we do this all the time. I think we serve about one of these a day. A tenant gives us notice and we're giving out this letter. So you have to offer the tenant within a reasonable amount of time after they give you a notice to vacate or you give them a notice to vacate. Either way, the only time it doesn't apply is if it's an eviction. But if it's anything other than eviction notice, either way, you have to offer them a pre move out inspection. And that's an inspection that you do before they vacate and you go through and you tell them this is the damage you would need to be able to fix or this is the cleaning you need to do in order to get all your deposit back. And you have to do that in writing. And you kind of have one shot to get it right. If a tenant asks for that, take your time, do a good job. There's some exceptions in there, too. If it's not visible at the time, then you could still hold the tenant responsible for it. So if they covered something up and then later it showed that you could still charge them for it, it has to be visible and accessible. So if they have too much stuff, you can't check something. And, you know, tell them what clean means to you and what is going to be required when they vacate. Congruent with how they received the property in the first place which you should have documented right.

You know what's interesting is we do offer that once we get either party gives a notice we offer this. Not too many of our tenants take us up on it. It's interesting. If I was vacating a rental property, I would.

Yeah, it would be the wise thing. But it's about 20% that actually ask for it.

Whenever I know a tenant moving, I'm always, make sure you take that offer because it's important. And I think it helps protect the tenant for possible damages. It gives them a chance to fix the items.

If you're listening today and you're thinking, I'd rather not do my own security deposit transmittals and accounting and I don't want to get, I don't want to get sued. I don't want to go to court for it. I'd rather have a professional do it right for me. We'd love to hear from you. Call 916 974 6003 or from your cell phone, dial pound 250, say the word Tiner. And on our website, you can also check us out that way, which is Tiner.com, T I N E R.com.

Today, we are talking about security deposit refunds. And that's a highly contested item between landlords and tenants. And we're going through the eight things that landlords most often lose on when they go to court over these issues. And so what's our next item, Jenny?

Not distinguishing between damage and normal wear and tear.

Right. Normal wear and tear versus damage. And so it's always a judgment call. And this is the area where people will fight the most. Is that damage or is it normal wear and tear? So if a carpet is worn out, is it the tenant's fault or not? Well, it depends on how long the tenant was there. It depends on, carpets new when they moved in or not? There's a prorated life of carpets. Insurance companies usually say seven, maybe ten years. So if they were already five years old and the tenant moved in and was there for five years, it doesn't already matter what they did to the carpets. It's probably going to be normal wear and tear. On the other hand, if they moved in, the carpets were brand new, they moved out a year later, and they were really damaged to the place where you had to replace them, you'd probably be charging the tenant seven eighths of the cost, six sevenths of the cost of a carpet replacement. So you have to make a distinction between what's normal wear and tear and what's damage.

Paint, for example, if a tenant hadn't been there very long. And their kids had written on the walls and it needed paint again, and maybe the paint was only, you know, two years old, there would probably be a proration on the life of the paint. We kind of like to work off a three year proration. But also the portion that was, you know, the hole in the wall or the crayons on the wall that had to be covered with kills first and then painted over or primed and then painted over, those are damaging items so we try to itemize those in the painter's bill. We get them to itemize it and we charge them the damage portion and then a proration maybe on the paint. So look at how long it is. What's normal wear and tear? Tiny nail holes are kind of normal. Molly bolts are not normal. Big, big, you know, that's damage to the wall. A doorknob hole through the wall is damaged. That should be charged the tenant. Door casings, for example, it seems like animal owners don't see the damage that their own animal does a lot of the time.

Yeah, the anxious dog that scratches and bites and chews up the moldings.

Yeah, that's not normal.

Nope, that's damage. It may be normal for your dog, but it's not normal wear and tear.

Right. Okay, so another one. Non refundable, quote unquote, deposits of any kind.

Yeah, you cannot have legally any kind of a non refundable deposit. So, you know, people say, oh, this pet deposit is non refundable. No, it's refundable by law. No such thing as a non refundable deposit. It's illegal.

One thing, your lease should have a clause describing utility obligations.

Right. As part of the rent due in order to ensure you can charge for unpaid utilities.

Because sometimes that happens after a tenant.

Yeah, if your lease ties the utilities as an obligation of the rent, then you can charge, you can really charge three things from a security deposit. Unpaid rent, which can include the utilities if you have this tying agreement in your lease agreement, and then damage, and then cleaning. Those are the three items. And so anything beyond that doesn't fit the bill. You can't make a deduction for it.

Forgetting to check the utility bills, speaking of utilities.

Yeah, that's a common one. We're really religious about it now, but we got religious because we made the mistake sometimes. So a tenant who was responsible, for example, for a water bill, they move out, the water's on. And you don't think too much about it. And then later you get the bill and it hadn't been paid for six months and the water bill is \$800. That's a problem. And if it's been past that 21 days, you can't go back and deduct it out of the deposit. You've already lost, you know, your window of opportunity is closed. So part of what any landlord should be doing every time they have a vacancy is if there's any bills that the tenant was responsible for. And I'm talking about water, sewer, garbage, not so much gas or electric because those are in the tenants' names. But you need to call them and make sure that they are current. And if they're not, bring them current and charge that to the deposit. It's good, again, to have a lease clause describing those utility obligations. That's a good practice there.

Charging for items you did not repair.

Right. So we see this sometimes when, for example, an owner has beautiful hardwood floors. And when the tenant vacated, They drug their refrigerator out with a hand truck and they didn't realize they were digging the floor and they put a scratch all the way through the floor. If the owner replaced the floors, they probably could charge the tenant depending on how good a shape they were in before the tenant moved in or not. But you can't just say that's \$1,700 worth of damage and then not do the work and then charge the tenant. You actually have to do it, have the bill, provide the invoice. Any bill over \$125, you have to give the invoice to the tenant or the bill. It shows that it was paid. So you can't just charge them because they did damage to your property, but you didn't fix it. You've got to be able to spend the money on it and document that to the tenant.

Okay, here's another one. Not following the higher receipt requirements for landlords.

Yeah, that's an interesting one that a lot of people aren't aware of. If you are a landlord and you're doing the work yourself, you're held to a higher responsibility with regard to documentation than if you hired somebody to do it. So if you hire someone to do it. You can just give the receipt and they may say, you know, replace five doorstops and something and they don't have an hourly rate or they don't have anything else in it. And there's a bill and you can charge that to a tenant. If the landlord does it, you need to break down how much of it was labor, what your hourly labor rate was, and that has to be reasonable, and how much the materials were. So you have this extra requirement. I think it's to keep landlords from overcharging tenants and padding up their hours and taking too much of the deposit. So there's some extra accountability. I think the law makes adjustment for the fact that they know some landlords would try to take advantage of that. And so they make you spell it out a little more clearly just what was done.

Let's talk about the most recent one is requirements of photos.

There's three required photos as of last year that you must do with every tenant in order to be able to make a deduction for cleaning or damage on their deposit. And what that means is as of July of last year, if they move in, you have to take photos before they moved in. So if you've got a tenant that just moved in three months ago and you didn't take those photos, if you're challenged on the deposit deductions, you're going to lose. So you have to know the law. And then when a tenant moves out, before you do any work, you have to take another set of photos that show the damage and the cleaning that needed to be done. And then after the work is done, you have to take a third set of photos and show that the work was actually done. So you have not only the bill, but now you have a picture of the work that had been done. And then all three of those photos should be sent to the tenant when you do the deposit deduction or accounting that shows what you used it for and they can see it.

Kind of has a good way to do it because the tenant knows then what you're going to take to court if you were going to go to court anyway. They know you've got photo documentation. But if a landlord is out there and they didn't do the photos that are required, it's kind of like missing the 21 day deadline. The judge is going to look at you and say, you didn't follow the law. Give them back the deposit. It doesn't matter. It doesn't matter if the tenant did damage or not. You didn't follow the law.

Yeah, so these are some of the things that you have to, especially if you're a do it yourself landlord, you have to pay attention to these things. Because if you miss it, then you'll lose and it will cost you more money than if you were to try to deduct the money.

And if a tenant really did damage, they cost the landlord that money. We want to see the landlords always be able to recover those costs because the property was damaged or left dirty. But you've got to do it right. So if you're a landlord and you're listening today and you're thinking, wow, I didn't even know that. These are new rules that I would lose if a tenant challenged me because I haven't done things right. And you want to hire somebody who will do it right, that's where we come in.

So if you want to reach out to us, we would love to talk to you about your rental property and would be happy to take it on. Our niche in the market is kind of single family homes and duplexes only in the greater Sacramento area. But you can call at 916 974 6003. That probably come directly through to me. You can also, from your cell phone, dial pound 250, say the word Tiner. We'll send you some valuable information, and that also rings through to us. And, of course, our website that we've been talking about, Tiner.com, a lot of resources on there, a lot of things that you can check out without talking to anyone. So we'd love to hear from you, though.

There's a few things that are important, I think, tenants if you're listening, and also owners, obviously. These are the things that you can deduct. I guess a little pet peeve for me is when we have a lot of listings right now, I see this often times that tenants miss it. So some of these things aren't light bulbs.

Right. Change the light bulbs. All light bulbs should be working. If they aren't, then that's going to get deducted. And it's one thing that tenants often miss. Well, and it depends on your rental agreement. Our rental agreement says the tenant is responsible for, and there's a list of things, and among them are light bulbs. And when they move in, if they're not right, we note it on their move in condition report so they wouldn't be responsible. But if you're giving them a house full of good working light bulbs, they need to give it back that way as long as you've documented it.

And filters, I'd say, right? Clean air conditioning filters.

Because that's part of our lease. It says they have to change them every 60 days. So if they haven't, they could be charged for that.

We've had some tenants that have taken drapes, drape rods, and we have one client that's very particular about it. We have the before pictures and they were very nice drapes. So when you bring, tenants will have their own window coverings.

Put it back the way you got it.

Put it back the way that you got it. Yes.

Wands and blinds. It always seems like whether kids or dogs, I don't know what happens, but blinds can sometimes get broken. See if you can fix it. And wands. Oftentimes, we need the wand. Right. You can't function if there's no wand.

And then just a PSA for everybody cleaning. You know, you may want to hire a cleaner after you leave. You're leaving the property. You're busy. And everybody's version of clean is different. So and again, if it's given to you kind of messy, then still clean it. Just leave it better than what you found it. I don't know. My opinion. But those are just a couple of food for thoughts there. For tenants, try to get your deposit all the way back.

Public service. Yes.

So if you are in the area of Sacramento, give us a call. Check our website out. Phone number is 916 974 6003. And our website is Tiner.com. And that's T I N E R.

But thank you again, everybody, for listening and come back next week. We'll go through some more fun laws and maybe John will share some of his stories. We always have new ones every week. So thank you for listening. And remember, professional property management doesn't cost. It pays.

Would you like to learn more about the services provided by the Tiner Property Management Pros? Their professional property management team will take care of your rent at home from start to finish. Simply dial pound 250 and say Tiner to learn more about the ease of managing rental properties or check out their website, Tiner.com.

Join us again next week for the Landlord Logic Show with John Tiner.