

Sacramento Delta

Property Management, Inc.

Someone to count on.

Owner-Client News

Insuring A Home During Vacancy

Special Points of Interest:

- Insurance & Vacancy
- Legal Q & A

Dates to Remember:

There are no legal holidays in October but do remember to buy the treats for Halloween on 10/31!

October Anniversaries:

Sacramento Delta would like to thank you for your hard work and dedication:

Carol Quinn
21 Years

Desiree White
18 Years

Jannell Gard-Lazzarino
3 Years

Liesa Nicol
1 Year

Robert Xiong
1 Year

This month, we wanted to share a great article that was passed along to us by one of you, our clients!

It was written by Sam Dogen, founder of the online newsletter, **Financial Samurai**. Sam started Financial Samurai in 2009 to help make sense of financial chaos. With an MBA from Berkeley and 13 years of experience at Goldman Sachs and Credit Suisse, he helps his readers achieve financial freedom sooner.

Sam writes:

Most standard homeowners policies include a vacancy clause that kicks in after the home has been empty for a set number of consecutive days. The industry standard threshold is 60 consecutive days, and some insurers use only 30. Once that clock runs out, coverage disappears for vandalism, glass breakage, water damage, and theft or attempted theft. Fire and wind sometimes survive. Almost nothing else does.

Items on the list are precisely the property losses that a warm body standing in the building would have caught early or defended against.

An insurer will happily insure your house. They will not insure your empty

house. The only variable that changes is whether somebody is there to notice.

Damage doesn't scale with severity. It scales with time. A dripping supply line is a \$400 plumber call on day one and a \$60,000 mold remediation on day thirty.

The Insurance Information Institute describes exactly this pattern, where water leaked for days or weeks with nobody home to detect it, wrecking ceilings, walls, flooring, heating and electrical, with repairs topping \$60,000 and the claim denied under the vacancy clause.

Insurers aren't always being difficult. They're trying to be accurate given they've seen every type of mishap imaginable with properties.

Occupancy is a loss-prevention system that runs for most of the day and costs them nothing. When you remove it, you've handed them a fundamentally different risk than the one they quoted.

So, this is how an optimist should think: a tenant who pays on time and calls you about a drip is not a customer. They're an unpaid risk manager living on site.

Build yourself a network of guardians to protect your property. Go meet your neighbors. It's not only good for your soul, it's also good for your net worth. 68% of Americans report receiving support from a neighbor in the past year and 58% say they would turn to a neighbor in an emergency.

Sacramento Delta has already done this part for you, if you didn't already live in your property before it became a rental. Every new resident placement comes with a written correspondence that informs the direct neighboring properties of who to call in any emergency! Us!

Back to the article:

Since I'm updating my lease anyway, I went through my coverage too. Here's what I'd suggest:

Call your insurer before any extended absence, not after. But before you do, ask what their vacancy policy is. Sabbatical, long trip, remodel, estate in probate, a rental sitting empty between tenants. A vacancy permit endorsement suspends the vandalism, water damage, and theft exclusions for a set period, and it usually costs extra. That extra premium is one of the best deals in personal finance. You're paying a few hundred dollars to keep six figures of coverage alive.

Teach your tenants where the shutoffs are. Toilets, sinks, and the main valve outside. Walk them through it at move-in. Then give them written authority to call a plumber up to a set dollar amount without asking you first. Nothing kills a small leak faster than a tenant who isn't worried about getting yelled at.

Sacramento Delta does that for you as well! We arm our residents with all the information on where to find shut-offs.

Re-shop home insurance every two to three years, and check your dwelling coverage. Carriers reward new customers and quietly escalate renewals. At the same time, replacement cost inflation means the coverage figure that was right in 2019 may not rebuild your house today. Underinsured is a worse outcome than overpaying.

Presence is the cheapest property insurance there is. Every good tenant, every attentive neighbor, and every parent who happens to be home, is running an unpriced insurance policy, nobody sends an invoice for. If you plan to continue building semi-passive income with real estate, occupancy is vital.

For the full article, please visit Sam's newsletter online at:
<https://www.financialsamurai.com/>

Legal Questions & Answers by Kimball, Tirey & St. John

Question:

After a lease expires and it is month-to-month, how much notice must a tenant give me in order to legally terminate the lease? He says one week. Is this true?

Answer:

In California, the default standard is that the tenant may terminate with 30-days written notice in a month-to-month tenancy. A tenant can terminate the tenancy in response to a domestic violence issue and would only be responsible for 14 days of rent. If the landlord wishes to terminate the tenancy, other notice periods and requirements will apply.



Have family, friends or a co-worker looking for property management services? Call us at (916) 486-7733

Or just send an e-mail to: shighland@sacdelta.net

When we rent their property, we will credit \$200.00 to your account!

"Occupancy is a loss-prevention system that runs for most of the day and costs them nothing."

Don't forget to like us and follow us on these social media sites for valuable property management articles and information
[@sacdeltapm](#)

Need access to your account?
https://sacdelta.appfolio.com/oportal/users/log_in

