

# ATTENTION FREMONT LANDLORDS

COME ON SATURDAY MORNING MAY 5TH TO A FREE 2 HOUR INFO-PACKED SEMINAR  
“THE 8 STEPS TO SUCCESSFULLY MANAGING YOUR RENTAL HOME”, YOU’LL LEARN ABOUT:

- Rehab Basics
- Tenant Selection
- Inspections
- Fremont’s Rental Laws
- Getting Optimum Rent
- Essential Lease Clauses
- Proper Forms
- Fair Housing In Fremont
- Advertising Strategies
- Fremont’s Best Vendors
- Renters Insurance
- 1031 Exchange Basics

YOU’LL  
RECEIVE:



DETAILS AT BOTTOM



PMI EAST BAY

## IN THIS ISSUE

- THE TOP 6 TAX DEDUCTIONS FOR FREMONT LANDLORDS
- 6 ESSENTIALS FOR A FREMONT HOME LEASE
- FREE LANDLORD VIDEOS NOW AVAILABLE
- FREE LANDLORD SEMINAR MAY 5TH

A “MUST-READ” FOR  
FREMONT LANDLORDS

## FREE LANDLORD SEMINAR

WHEN?

SATURDAY, MAY 5TH 10 AM – 12 PM

WHERE?

MURCO BUSINESS CENTER  
39111 PASEO PADRE PKWY FREMONT

WHO?

ALL FREMONT LANDLORDS WITH RENTAL HOMES

TAUGHT BY MIKE CONNOLLY OWNER OF P.M.I. EAST BAY

RSVP TODAY: (510) 996-3238 MIKE@PMIEASTBAY.COM

Presorted  
Standard Mail  
U.S. Postage Paid  
59047  
PrintingForLess.com



PMI EAST BAY

# LANDLORD

of Fremont

PMI EAST BAY

march/april 2018

## THE TOP 6 TAX DEDUCTIONS FOR FREMONT LANDLORDS

In 1917 the U.S. Government collected only 13 million dollars in income tax. That’s why they were called the “good old days.” It’s a little different in 2018. However, with your rental properties you do have a number of fantastic tax deductions. Don’t be like me where I owned my first rentals for several years before realizing I wasn’t taking full advantage of all tax write-offs. Here are my top six in no particular order.

### 1. REPAIRS

This is a big, broad category, as it should be. Basically, any repairs you put into the property should be a tax deduction to you. Now if it’s a capital expense, like a roof replacement, you’re going to have to amortize that over a period of time. You cannot write off the whole expense in year one. The I.R.S. has really clamped down on this in recent years. They also have a dollar threshold now so if you buy a several appliances, you’ll need to amortize those over a period of time. Talk to your tax pro but all repairs are tax deductible to you as a landlord.

### 2. INSURANCE

Every dollar you spend on insurance is a big tax deduction to the property. Make sure you’re getting all of your insurance invoices to your tax professional. This includes your landlord policy as well as your casualty and umbrella policy.

### 3. PROPERTY MANAGEMENT FEES

If your property is managed professionally, all the fees are tax deductible. That includes the management fee itself, along with the leasing fees, inspection fees, or other ancillary fees. That’s why we tell owners that even though our fee to manage a home is 7.9% of gross rents, it breaks out to more like 5.5% if you’re in the 30% tax bracket. When you consider it takes 50 hours a year to manage a rental home properly, you can see how property management doesn’t just save, it pays.

### 4. TRAVEL EXPENSES

This means that if you live out of Fremont, any time you visit your rental property, a portion or even all of that trip is an expense write off to you. Even if you live five miles from the property, writing off the mileage can save you a few bucks each year.

### 5. PROPERTY TAXES

While the new Trump tax bill affects property tax write offs for many owners’ primary residence, it has no effect on the 100% tax write off you enjoy on your rental properties.

### 6. DEPRECIATION

One of the largest deductions you can make each year on your rental property is depreciation. For your actual depreciation schedule, you’ll want to consult with your tax pro but it’s typically 27.5 years. It’s kind of an odd deduction in that the I.R.S. states “We’re going to allow you to depreciate the property because we believe the property is going to “wear out” over time.” Even though we buy a property to hopefully appreciate, the I.R.S. has a rule that says just the opposite, each year it’s going down in value. WRITE IT OFF!

Additional write offs for your rental include:

- H.O.A. fees
- Gardener fees
- Landscaping costs
- Advertising costs
- Legal fees
- Home office expenses
- Tax Appeal fees

Hopefully there’s one or two nuggets in the above article that can save you some dollars. Be sure to consult with your C.P.A. this tax season.



PMI EAST BAY

Professionally managing 400 homes in Fremont and nearby East Bay cities. Call owner Mike Connolly today for a free rental analysis. (510) 996-3238

# 6 ESSENTIALS FOR YOUR TENANTS LEASE

I've seen many variations of tenant leases here in the East Bay. From the CAR lease, to the AOA lease, to the CAA lease to those downloaded off the internet. They all cover the basics; the rent, term of the lease, deposit, when rent is due etc. However, let me review what I believe are six essentials that need to also be in any lease for a Fremont rental home.

PMI SPENDS ON AVERAGE 50 HOURS PER YEAR MANAGING A RENTAL HOME. THAT'S WHAT IT TAKES TO DO IT RIGHT!



## 1. EASY TO READ

We find that many incoming tenants skim the lease, desiring to simply get to the last page and sign it. That's why we've broken our lease down into 41 easy to read sections. Each section must be initialed by all tenants. This helps reduce miscommunication headaches down the road.

## 2. REPAIRS

Section 8 of our lease outlines exactly what items the owner is responsible for i.e. all appliances, roof, fence, structure, water, gas, electrical. It also specifies what items the tenant is responsible for in terms of repairs i.e. toilet and sink clogs, caulking, alarm batteries, etc. Again, to avoid misunderstandings down the road, this is an important clause.

## 3. ANNUAL HOME INSPECTION

It is imperative you put in your lease that you would like to perform an annual home inspection. At this inspection, you will check the carbon monoxide and smoke alarm batteries, change the furnace filter, look for any deferred maintenance and, ensure the tenant is caring for the property (no unauthorized pets or roommates). It is also an opportunity for the tenant to point out any items in need of repairs.

## 4. RENTERS INSURANCE

Writing this in the lease is in the best interest of both you and the tenant. What's most important for landlords is that the tenants have a minimum \$100,000 liability policy in case of a fire in the kitchen or flood in the bathroom. You will also want to put in the renters' insurance section of the lease, "UNLESS PROHIBITED BY LAW, RESIDENT WAIVES ANY INSURANCE SUBROGATION RIGHTS OR CLAIMS AGAINST LANDLORD, OWNER AND THEIR INSURERS." This is simply another safeguard for you as an owner in case of an accident caused by your tenant.

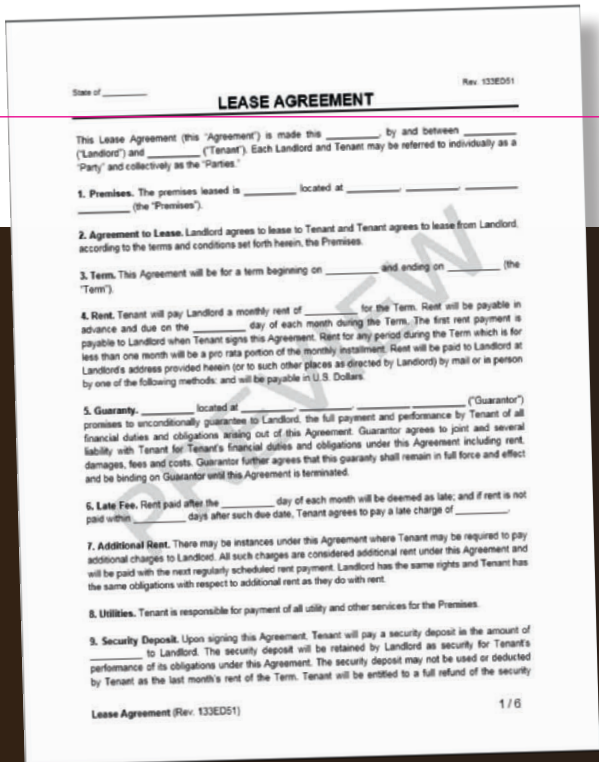
## 5. 30 DAYS VS. ONE YEAR

Most landlords sign a one-year lease with their tenants and let it expire to month to month. A month to month lease definitely favors the tenant as it gives them greater flexibility to vacate at any time... like November or December when it's more difficult to find a new tenant. That is why our leases are all renewed with a new 12 month term every year. If the tenant chooses not to sign it, they can then go month to month... at a rent increase of 10%. This month to month clause allows flexibility for the tenant while giving some financial cushion to the owner.

## ADDENDUMS

It is crucial that you provide at the end of your lease the proper addenda. These include:

- Bedbugs
- Mold
- Lead paint (built prior to 1978)
- Damage vs. Wear and Tear Schedule
- Insurance
- Pet
- Fremont's 1997 Rental Ordinance (R.R.I.D.R.O)



View our Lease at [www.pmieastbay.com](http://www.pmieastbay.com)

## 10 MOST COMMON LAWSUITS AGAINST LANDLORDS

National association of residential property managers

1. Improper tenant screening
2. Improper denying of an applicant
3. Improper handling of service/comfort animals (must include addendum)
4. Improper handling of smoke and co2 alarms (must include addendum)
5. Improper handling of bedbugs (must include addendum)
6. Improper handling of mold issues (must include addendum)
7. Improper service of a rent increase (must include addendum)
8. Improper entry into home
9. Improper move-out procedure
10. Improper deposit return



CALL MIKE AT P.M.I. TODAY FOR AN "OVER THE PHONE" RENTAL ANALYSIS OF YOUR HOME (510) 996-3238

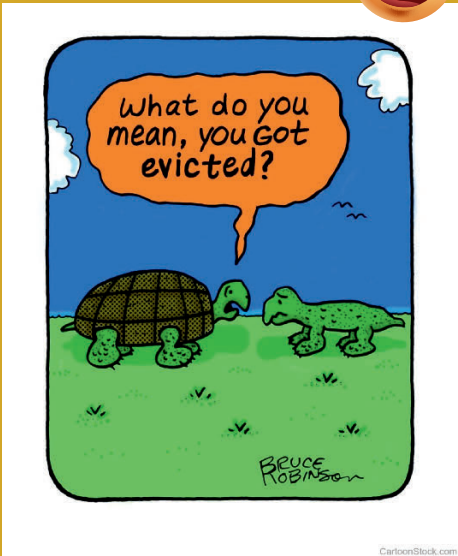


## WELCOME ABOARD NEW FREMONT OWNERS:

Sayed & Marjan Deyhimi  
Shawn Liang  
Christopher Zhu  
Helen Zhu  
Denise & Shane Noniza  
Abel Huang & Caroline Huey  
Rob Volpentest  
Guy Newhouse  
Tony & Laura Hsiao  
Leo Montero  
George Torres  
Guru Shenoy  
Eric Chien  
Manjula Patel  
Leonard Cheung  
Kuan T.yuan  
Lauretta & Alexander Saati

THESE FREE LANDLORD VIDEOS AND MANY MORE ARE AVAILABLE TO VIEW AT OUR WEBSITE [WWW.PMIEASTBAY.COM](http://WWW.PMIEASTBAY.COM)

- HOW TO GET RID OF A BAD TENANT
- WHAT KIND OF INSURANCE DO I NEED?
- SEVEN QUESTIONS TO ASK BEFORE SHOWING A VACANCY
- WHY IS MY PROPERTY NOT RENTING?
- PRE MOVE-IN CHECKLIST



For East Bay Eviction help, we recommend The Law Offices of Todd Rothbard (408) 244-4200. 40,000 successful evictions in the last 40 years

Fremont's #1 Real Estate Broker  
Specializing in 1031 Exchanges



Fremont's #1 Mortgage Broker  
Working with Landlords

