

**FREE**

**RSVP FOR THE NEXT FREE, "SHOULD I HOLD, SELL OR EXCHANGE" SEMINAR**

Saturday, June 1st 10:00 am – 12:00 pm

**39111 PASEO PADRE PKWY., FREMONT**

**YOU'LL LEARN ABOUT:**

- 1. Where we are in the 2019 East Bay real estate cycle
- 2. Determining your rental's cap rate
- 3. The pros and cons of selling in 2019
- 4. The benefits of a 1031 exchange
- 5. Comparing commercial rentals to residential
- 6. Finding California rental properties with a 6-8% cap rate
- 7. Passive real estate investing
- 8. How to get the maximum selling price

**FREE CONTINENTAL BREAKFAST SERVED**

Presented by East Bay Brokers  
Mike and Tom Connolly  
of Landlord Realty



**RSVP BY TEXTING OR CALLING MIKE AT 510-996-3238**

[www.landlordret.com](http://www.landlordret.com)



**IN THIS ISSUE**

- HOW REHAB CAN MAKE YOU THOUSANDS
- DETERMINING YOUR RENTAL'S CAP RATE
- THE "IDEAL" EAST BAY RENTAL HOUSE
- SIX ESSENTIALS FOR YOUR LEASE
- HOME VS CONDO...WHICH IS A BETTER INVESTMENT

**A "MUST-READ" FOR EAST BAY LANDLORDS**

**RSVP FOR THE NEXT "12 BASICS TO MANAGING A RENTAL" SEMINAR**

Saturday, June 8th 10:00 AM – 12:00 PM

**39111 PASEO PADRE PKWY., FREMONT**

**YOU'LL LEARN ABOUT:**

- Rehab basics
- Advertising tips
- Rental pricing tips
- Turnovers with minimal vacancy
- Best lease (we'll provide ours)
- Tenant handbook (we'll provide ours)
- Using proper forms (we'll provide ours)
- Three profit centers that can make you thousands
- Fair housing traps
- All possible tax deductions
- Contacts to our handymen
- Tenant insurance
- East Bay rental laws
- Periodic inspections (we'll provide ours)

**\$59**

Includes the best residential lease, our tenant handbook and all required forms

Presented by Mike Connolly  
BRE#: 1856908



**RSVP NOW BY TEXTING OR CALLING MIKE AT 510-996-3238**

[www.eastbaypmc.com](http://www.eastbaypmc.com)

HELPING EAST BAY LANDLORDS TO EITHER MANAGE OR SELL



# LANDLORD EAST BAY

April/May 2019

**LOOK HOW REHAB BETWEEN TENANTS CAN ADD \$600 TO YOUR MONTHLY RENT: (3 BED, 2 BATH)**

**LOOK HOW REHAB WOULD ADD TO THE SELLING PRICE OF YOUR RENTAL HOME: (3 BED, 2 BATH)**

REHAB ITEM	INCREASE IN MONTHLY RENT
• New interior paint and baseboards	\$75
• Replace carpet with laminate	\$125
• Quartz kitchen counters	\$50
• Kitchen cabinets/stainless appliances	\$100
• Recessed lights in all rooms	\$50
• Washer/dryer provided	\$25
• Dual pane windows	\$50
• Updated bathrooms	\$125
• Landscaped yard (low irrigation)	\$50
<b>Total additional monthly rent</b>	<b>\$600</b>
<b>Avg rehab costs</b>	<b>\$18,000-\$20,000</b>

REHAB ITEM	REHAB COST	ADDED \$ TO THE SELLING PRICE (APPROX.)
• Interior paint, molding, recessed lights	\$5,000	\$8,000
• Laminate (1300sq.ft.)	\$7,000	\$12,000
• Quartz counters, new reface cabinets, appliances	\$4,000	\$7,000
• Bathroom upgrades	\$4,000	\$6,000
• Landscaped yards (sod or low irrigation)	\$4,000	\$6,000
• Paint exterior	\$3,000	\$4,000
• Misc. items	\$2,000	\$4,000
<b>Total</b>	<b>\$29,000</b>	<b>\$47,000</b>

**Come to the June 8th seminar to meet our rehab guys!**

If and when you decide to sell, Landlord Realty will provide the most economical vendors and front the rehab cost. Simply reimburse us at the close of escrow.

**TWO UPCOMING LANDLORD SEMINARS IN JUNE**

**SHOULD I HOLD, SELL OR EXCHANGE MY RENTAL HOME IN 2019**

Saturday, June 1, 2019, 10-12 Noon

- Where we are in the East Bay 2019 real estate cycle
- The pros and cons of selling in 2019
- How a 1031 can be your best friend
- Finding California rental properties with a 6-8% cap

Taught by Tom and Mike Connolly of Landlord Realty  
RSVP call or text 510-996-3238

**FREE**

**THE TWELVE BASICS OF MANAGING A RENTAL HOME**

Saturday, June 8, 2019, 10-12 Noon

- Rehab basics
- 3 ways to make more rental profit
- Handymen introductions
- Screening tips
- Using Proper forms
- Lease essentials
- East Bay rental laws
- Taking all potential tax deductions
- Rental outlook for 2019, 2020

Taught by Mike Connolly  
RSVP call or text 510-996-3238

**\$59**

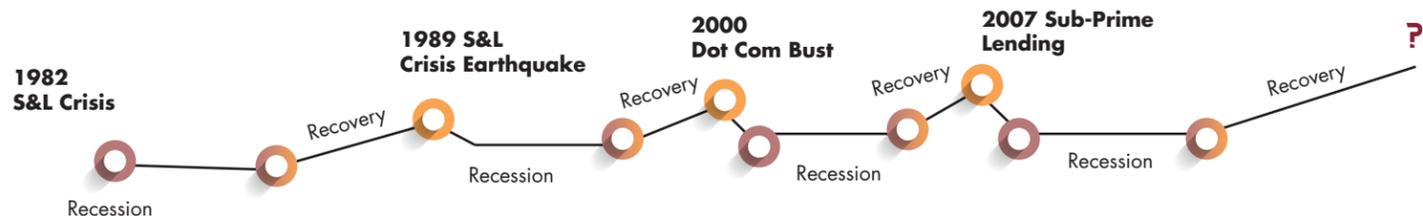
Includes:  
• our lease  
• handbook  
• proper forms

**SEMINAR LOCATION**

39111 Paseo Padre Pkwy., Fremont

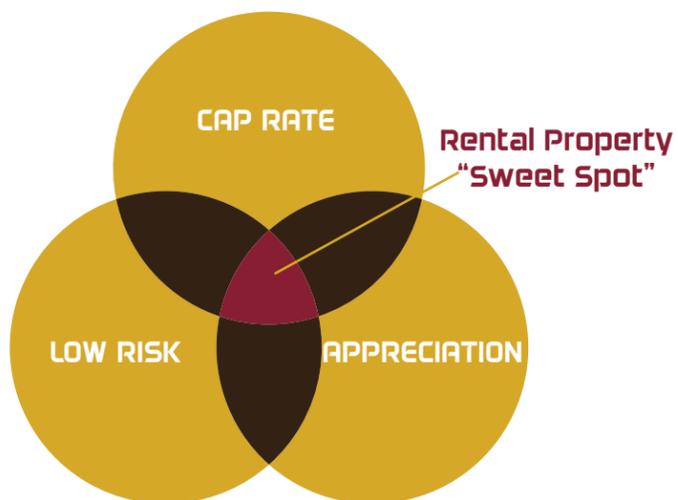


# 40 Years, 4 Major Real Estate Cycles in the East Bay



Every East Bay real estate cycle has lasted 7-10 years and includes; recession, recovery, bubble, pop!  
Come to the June 1 Seminar to hear about the next probable "pop"!

## Finding the "Sweet Spot" with your Rental Property



Every rental owner should desire a property that provides a decent cap rate, good appreciation, and low risk. Come to the June 1 seminar, "Should I Hold, Sell or Exchange" to compare your current rental's sweet spot vs. others



**LANDLORD REALTY**  
"Helping Landlords Sell For The Maximum Price"  
Call Tom NOW 510.656.7653  
BRE#01422975  
www.landlordret.com

## Do you know your rental's cap rate?

The capitalization (Cap) rate is simple the return on your rental home investment. It is vital that every landlord knows his or her cap rate to compare against other potential investments. Here's a cap rate example of a typical 3-bedroom East Bay rental home:

	Typical rental	Calculate yours
<b>INCOME</b>		
Estimated monthly gross rent.....	\$3,100	_____
Estimated annual gross rent .....	\$37,200	_____
<b>EXPENSES</b>		
Property taxes .....	\$6,000	_____
Property insurance.....	\$2,000	_____
Maintenance/gardening .....	\$3,100	_____
Property management (8%).....	\$2,980	_____
Vacancy (3%) .....	\$930	_____
Reserves (3%) .....	\$930	_____
Total expenses.....	\$15,940	_____
Annual net operating income.....	\$21,260	_____
Current East Bay median value .....	\$975,000	_____
Of a 3-bedroom home (Fremont)		
Your cap rate = net operating income ..	\$21,260	_____
Divided by Current value of home .....	\$975,000	_____
=2.18% Cap Rate. (the average East Bay home has a 2-3% cap rate.)		

**Is 2-3% a good cap rate?**  
**Come to the free June 1st "HOLD, SELL OR EXCHANGE" seminar to find out!**  
(Brunch provided)

## Six Essentials for your tenant lease... that probably are not in yours

**1. EASY TO READ** The standard CAR lease and many others are difficult for both parties to understand. Our lease is broken into 40 easy to read sections with each section requiring all tenants' initials. This way we know they've read and understood it

**2. WHO COVERS WHAT WHEN IT COMES TO REPAIRS** Typically, residential leases do not cover this. We specify in Section 8 of our lease what repair items are covered by the landlord (i.e. appliances, electrical, fence) and what repair items are not (i.e. toilet clogs, pests)

**3. AN ANNUAL PROPERTY INSPECTION** An annual inspection of your rental is vital. You will be able to look for deferred maintenance, check the smoke and CO alarms, and make sure the tenants are caring for the home properly. However, Section 1954 of the California Civil Code prohibits an annual inspection unless its written in the lease. Put this annual inspection in your lease!

**4. RENTER INSURANCE REQUIRED** In our lease, the tenant must show proof of a minimum \$100,000 liability policy should they cause any damage to your rental. Without this coverage, you become responsible for your tenant's damage. (Cost to tenant is about \$12-15 per month). Put this in your lease!

**5. HAVE YOUR LEASE EXPIRE AROUND JUNE** No matter what time of year you are starting a lease, have it expire around May or June. For example, if you're signing a lease in December, make it 18 months instead of 12. If you're signing it in March, make it 15 months. That way if your tenant vacates at the end of the term, you'll have an easier time finding a new tenant in June or July at top dollar than you would in other months.

### 6. HAVE THE REQUIRED ADDENDUMS

By law, you must provide:

- a bed bug addendum
- a mold addendum
- a lead paint addendum (for rentals built prior to 1978)
- damage vs wear and tear addendum

For a copy of our own (attorney reviewed) residential lease and other essential forms and documents, come to our June 8th Landlord Seminar in Fremont.

## SINGLE FAMILY HOME VS CONDO/TOWNHOUSE... WHAT'S THE BETTER INVESTMENT?

Which is the better investment here in the East Bay, a home or condo?  
Here are the pros for each:

### PROS FOR CONDO

- 1. More affordable to purchase**  
Condos are currently running about 55-60% the cost of a single-family home here in the East Bay.
- 2. Higher cap rate**  
Because rents for a typical 3-bedroom condo are about 75-80% that of a 3-bedroom home, you'll enjoy a slightly higher cap rate.
- 3. Larger pool of applicants**  
Because rents are lower with a condo, qualifying with income 3x the rent is easier.
- 4. Lower rehab costs**  
You'll have less rehab costs between tenants than you would with a home.
- 5. Exterior/utilities covered by HOA**  
You'll have less maintenance hassle and more conformity within the neighborhood.
- 6. Neighbors watching the property**  
Because of the closer proximity of neighbors, your tenants will be less prone to causing any issues.

### PROS FOR THE HOME

- 1. Greater appreciation**  
East Bay homes have historically enjoyed a 5% annual appreciation over the last 40 years. Condos and townhomes, about 4%.
  - 2. Less turn-over**  
Typically, an East Bay resident moving into a rental home will stay 4-5 years. With a condo you can count on 2-3 years.
  - 3. You can make modifications**  
Unlike a condo, owning a S.F.R. allows you to make interior and exterior modifications.
  - 4. No HOA dues or special assessments**  
With a home, you control the maintenance costs and avoid the "surprise" of a special assessment.
- Home and Condos with a 5% cap rate  
... Come to our June 1st Seminar



We have leased hundreds of East Bay rental homes. If I had a magic wand this would be my ideal rental in terms of maximum appreciation, decent cap rate and low risk:

- 4-bedroom (or ability to add a 4th)
- 1400-1600 sq.ft.
- Both a family and living room
- Dining area
- Small front and back yard
- Fireplace converted to gas insert
- No pool
- Double pane windows
- Quiet street
- Freeway/BART access within 1 mile
- Good schools (walk to elementary)
- Walk to park
- Neighbors homes well kept
- Low crime
- Close to downtown/retail
- Within 3 hours of where you reside\
- 5% cap rate



**EAST BAY PROPERTY MANAGEMENT**  
Call Mike NOW to discuss your rental 510.996.3238  
www.eastbaypmc.com