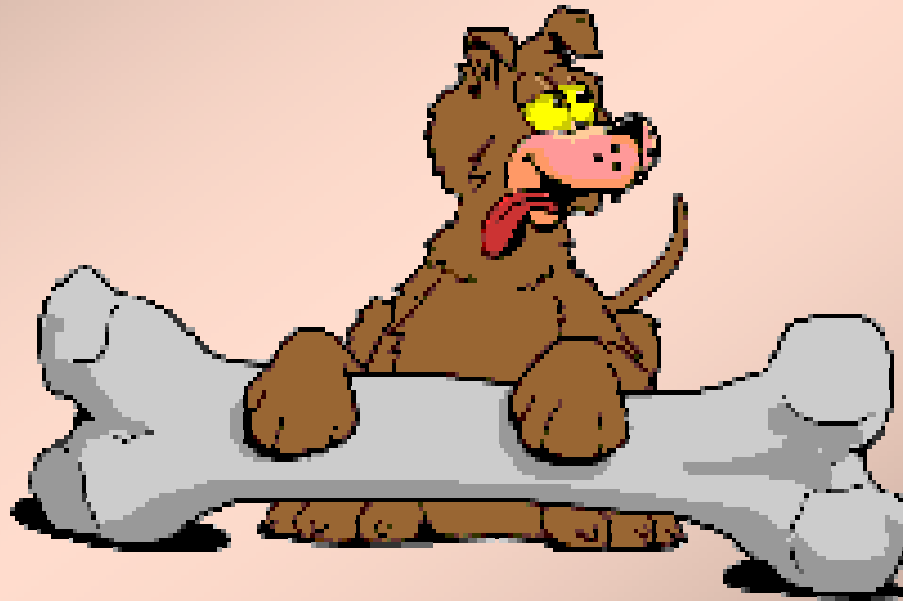
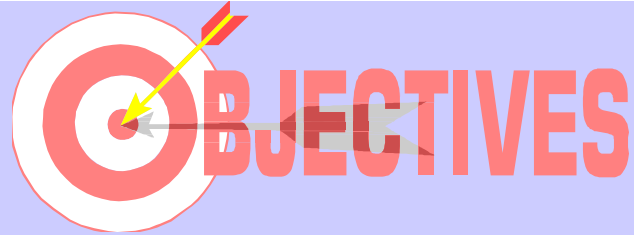


LESSON 14
PROPERTY MANAGEMENT:
LEASES AND LANDLORD
TENANT RELATIONS



I'M LOOKING FOR A GOOD
TENANT



STUDENT LEARNING OUTCOMES (SLOs):

1. Define a lease and list four types of leasehold estates.
2. Outline the requirements needed for a valid lease or rental agreement as well as the security deposit rules.
3. Explain the difference between a sublease and an assignment of a lease.
4. Describe the major types of lease agreements.
5. Discuss the duties and responsibilities landlords and tenants owe to each other.
6. Describe rental offset process.
7. Explain how tenants can be lawfully evicted.
8. Define steps taken in the termination of a lease.
9. Explain the services provided by professional property managers.

I. Less Than Freehold Estates

A. LEASE

A lease or rental agreement is a legally binding contract between an **owner** (less**or**/landl**or**d) and a **tenant** (les**see**) where a tenant has possession and use in exchange for rent or services.



TYPES OF LEASEHOLD ESTATES

(Less-than-freehold estates)

A. **Estate for years**

(Tenancy for years or lease)

(may be for 1 day, a week, a month, a year)

B. **Estate from period to period**

(**Periodic tenancy** or month-to-month)

(From period to period, may be every 2 weeks)

C. **Estate at will**

(Tenancy at will) (At the will of the tenant)

D. **Estate at sufferance**

(Tenancy at sufferance)(Lease refers to “Acts of God”)

E. **Leased fee estate**

(**Leasehold**)

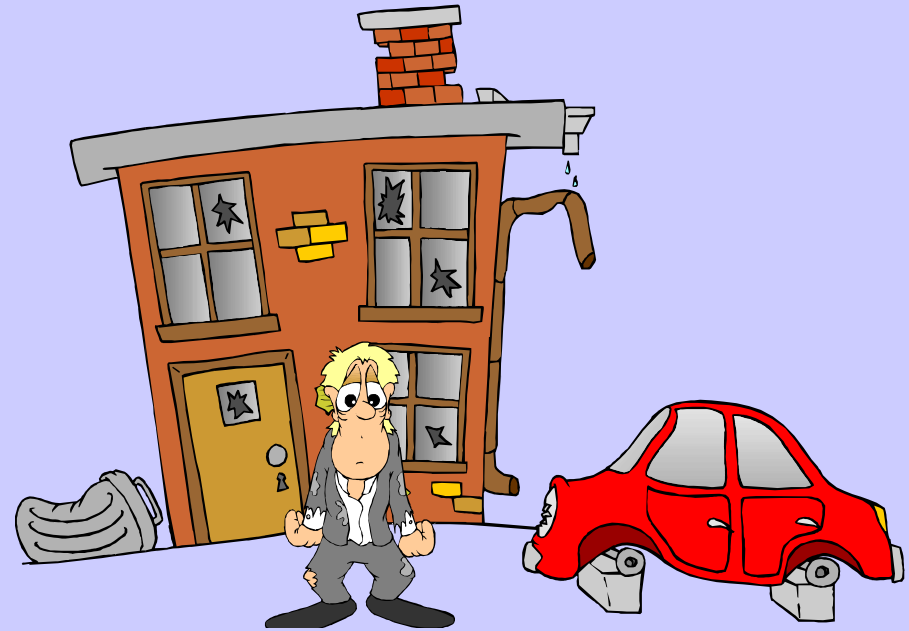
B. A VALID LEASE

1. Be in writing, if more than one year
(Statute of frauds)
 - a. Names of lessor and lessee
 - b. Sufficient description of the property
 - c. Show amount of rent and manner of payment
 - d. Give date lease term begins and length of term
 - e. Be signed by lessor
 - f. Involve capable parties
 - g. **Renewal provision** in boldface type
 - a. (Residential property)



h. Maximum duration:

- Urban Property
 - 99 years



- Agricultural Land
 - 51 years



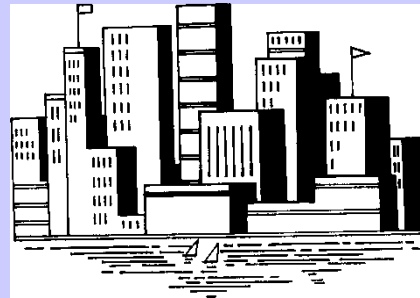
Unimproved investment property

Lease: 4 P's

- **P** eople



- **P** roperty



- **P** ayment

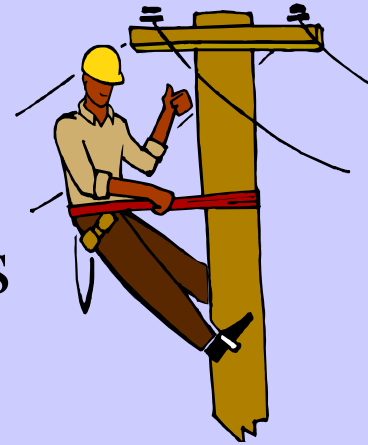


- **P** eriod



A RESIDENTIAL RENTAL AGREEMENT SHOULD CONTAIN A DISCUSSION OF:

1. Utilities
2. Maintenance
3. Tenant improvements
4. Use of the property
5. Maximum number of occupants
6. Security and damage deposits
7. Property taxes and insurance
8. Rules regarding pets, guests, parking, anything else of importance



C. SECURITY DEPOSITS (Legal Maximums)

- Total security limits, including pets:
 1. Unfurnished = **two month's rent**
 2. Furnished = **three month's rent**

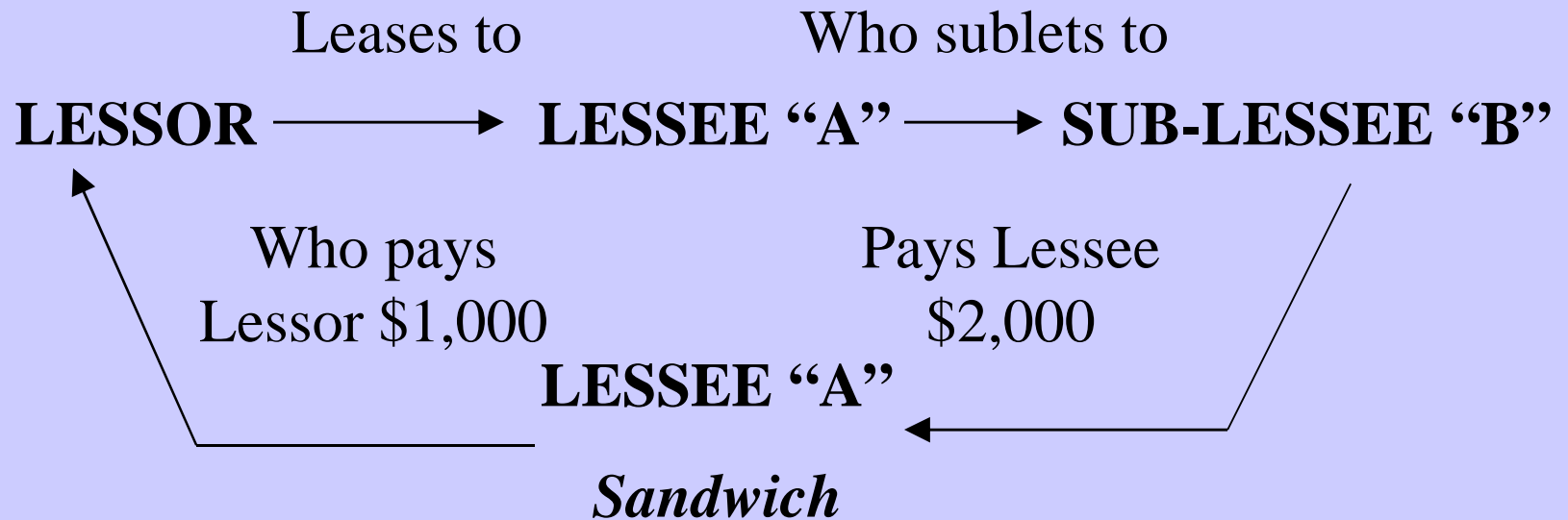
Legal deposits including:

 - Waterbed (or insurance)
 - Pet Deposit
 - Key Deposit
 3. Unused deposit must be returned
14 days vs. **21** days
Used to cover allowable damages



D. ASSIGNMENT Vs. SUBLEASE

1. **Sublease**: A transfer by the tenant (**sub-lessor**) of only part of his interest to another (**sub-lessee**) at the time of the sub-letting



E. Important Leasing Terms

1. **Extension** of a lease is the continuation of an old lease
2. **Renewal** – Lessee and lessor negotiate a new lease
3. **Escalator** clause – allows lessor to raise rent under certain conditions.



F. MAJOR TYPES OF LEASES

1. Gross Lease

Landlord pays operating expenses (Utilities, taxes, insurance, maintenance)

2. Triple Net Lease (Net Lease)

Tenant pays operating expenses (Utilities, taxes, insurance, maintenance)

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3. Percentage Lease

Tenant pays rent based on tenant's gross income

The greater the tenants gross sales, the smaller the %

The smaller the tenants gross sales, the larger the %

4. Fixed lease (Month-to-Month)

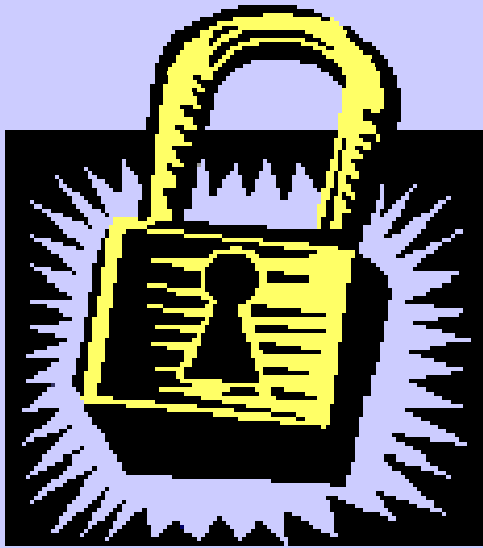
Tenant pays a fixed rent amount

5. Graduated Lease (Lease)

Tenant pays a fixed rent amount for the period with periodic rent increases at specific times

Pg 14-3

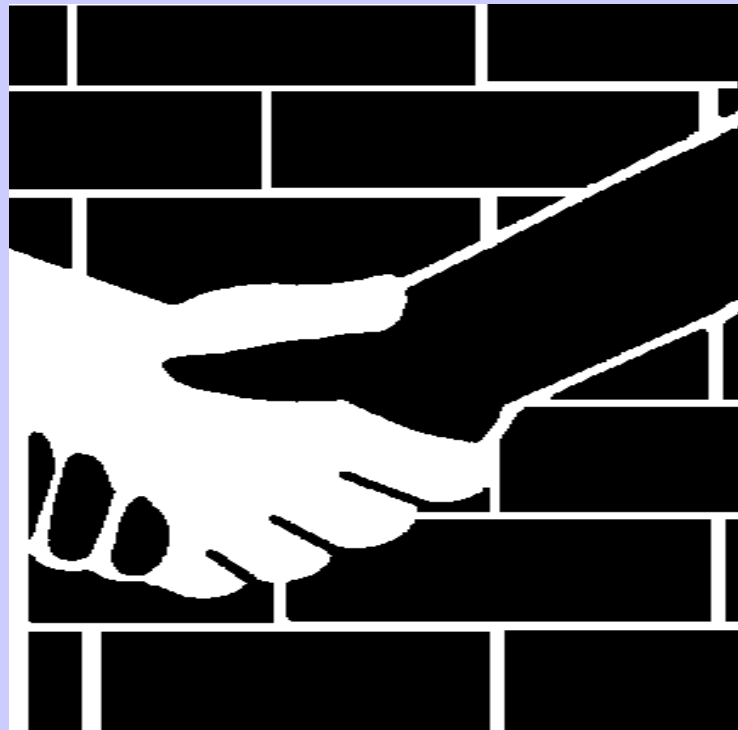
UNLAWFUL ACTS BY A LANDLORD



1. Tenant lockout
2. Seizure of tenant property
3. Removal of doors and windows
4. Shutting off utility services
5. Causing uninhabitability
6. Interfering with tenant's use and quiet enjoyment

G. Duties and Responsibilities of Landlords

1. Keep property **implied** right of **habitability**
2. Periodically inspect the premises
3. Insure safety of outside of living quarters
4. Maintain quiet use and enjoyment



THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT (FEHA)

5. Prohibits Housing Discrimination Based on:

- Race
- Religion
- National Ancestry
- Sex
- Martial Status
- **Disability**



Landlord may serve the tenant **60-day notice** and terminate tenancy with **30 day** written **notice** and need not give reason

H. DUTIES AND RESPONSIBILITIES OF TENANT

1. Pay rent when due according to the contract
2. Give minimum **30 day notice** for termination
3. Keep the premises occupied, clean and sanitary
4. Right to use and enjoy property, if interfered with, tenant may vacate property without paying further rent. Known as **constructive eviction**
5. Liable for negligence to others
6. Dispose of all rubbish, garbage and waste from the unit in a clean and sanitary manner
7. Properly use and operate all electrical, gas and plumbing fixtures and keep them clean and sanitary
8. Refrain from willfully or wantonly destroying, defacing, impairing or removing any part of the structure or appurtenances
9. Occupy and use the premises only for the intended or designed use



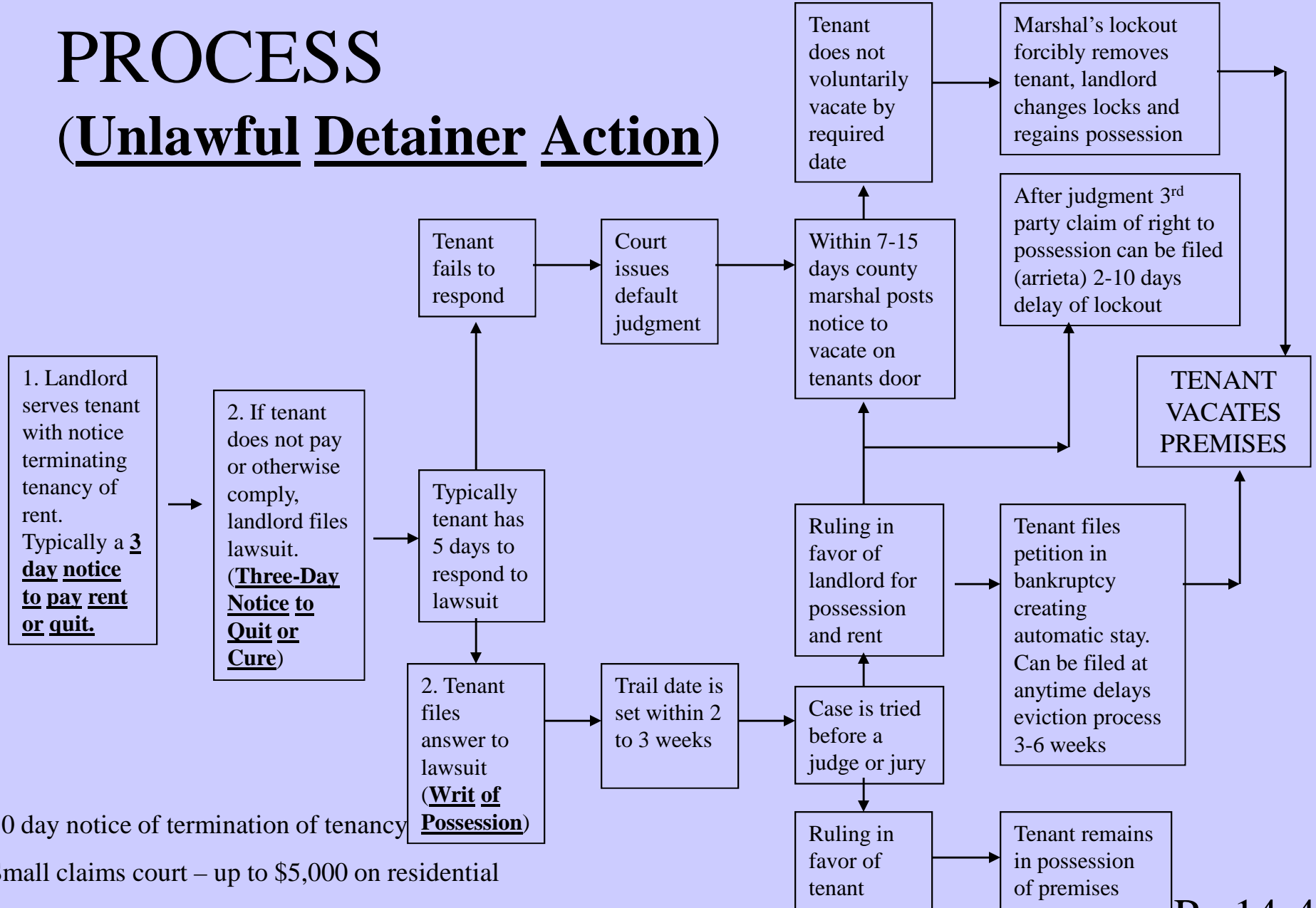
I. Rental Offset is used when landlord refuses to make needed repairs to meet minimum housing codes

- Notify landlord of necessary repairs
- If landlord refuses:
 - Abandon the property w/ no future rent
 - Spend up to one month's rent on repairs, send receipts for repairs, offset amount on next month's rent payment.

NOTE: Can only use twice in any 12 month time
Cannot be used for decorative purposes,
only for habitability.



J. THE EVICTION PROCESS (Unlawful Detainer Action)



30 day notice of termination of tenancy

Small claims court – up to \$5,000 on residential

Municipal court – Use of attorneys

K. A LEASE MAY BE TERMINATED FOR THE FOLLOWING REASONS:

1. **Expiration** of the term
2. **Mutual** agreement (surrender)
3. Violation of terms and conditions
4. **Destruction** of the premises

Or government action: **condemnation**

5. **Breach** of terms
 - a. Notice
 - b. Unlawful detainer action
 - c. Non-payment of rent
 - d. Illegal use of premises
 - e. Sheriff serves the eviction



L. PROPERTY MANAGEMENT

- Controls operating expenses to maximize income
- Screens and obtains tenants
- Negotiates rental agreement
- Maintains property by keeping it in repair and modernizing or renovating when needed
- Oversees the on-site resident manager
 - for residential apartments of **16** or more units.
- C.P.M. = Certified Property Manager
- Paid by percentage of rents or an agreed amount per month



SPECIAL RULES FOR MOBILE HOMES

- Lease must be written
- Rental term 12 months unless homeowner desires shorter term or mutual agreement on longer term
- Landlord may terminate only for specific reasons



RENT CONTROL

- Intent is to make property available for rent at reasonable rates when there is a shortage of available space
- May not be effective because artificially low rent may increase demand and discourage new construction



**HURRAY! CLASS IS
OVER, LET'S GO HOME**

