

Tackling Tenant Damage vs Normal Wear & Tear Like A Pro

Learn to master the “grey area” between tenant damage and normal wear and tear. This session will provide tips and techniques on:

- Utilizing third-party industry and government sources to determine “useful life” and how to distinguish between normal wear and tear versus tenant damage
- Analyzing several examples of damages and deciding “who pays?”
- Lease verbiage to hold tenants responsible for damage repairs
- Documenting the condition of the property to leave no questions
- Providing third-party documentation to support your charges
- Documenting the condition of the property to leave no questions
- Conflict resolution



What is “Normal” Wear & Tear?

“Normal wear and tear” means that deterioration which occurs, based upon the use for which the rental unit is intended, without negligence, carelessness, accident, or abuse of the premises or equipment or chattels by the tenant or members of his household, or their invitees or guests.

Tenant Damage vs Normal Wear and Tear

-- According to HUD Appendix 5C --

Normal Wear and Tear

- Fading, peeling, or cracked paint
- Slightly torn or faded wallpaper
- Small chips in plaster
- Nail holes, pin holes, or cracks in wall
- Door sticking from humidity
- Cracked window pane from faulty foundation or building settling
- Floors needing coat of varnish
- Carpet faded or worn thin from walking
- Loose grouting and bathroom tiles
- Worn or scratched enamel in old bathtubs, sinks, or toilets
- Rusty shower rod
- Partially clogged sinks caused by aging pipes
- Dirty or faded lamp or window shades

Tenant Damage

- Gaping holes in walls or plaster
- Drawings, crayon markings, or wallpaper that owner did not approve
- Seriously damaged or ruined wallpaper
- Chipped or gouged wood floors
- Doors ripped off hinges
- Broken windows
- Missing fixtures
- Holes in ceiling from removed fixtures
- Holes, stains, or burns in carpet
- Missing or cracked bathroom tiles
- Chipped and broken enamel in bathtubs and sinks
- Clogged or damaged toilet from improper use
- Missing or bent shower rods
- Torn, stained, or missing lamp and window shades

Useful Life

-- Sources for determining useful life --


- NAHB - Study of Life Expectancy of Home Components
- InterNACHI - Life Expectancy Chart
- HUD - Appendix 5D
- IRS - Publications 527, IRS Announcement 99-82, 26 USC Section 168
(best to seek guidance from CPA and attorney on these)
- Real estate attorney
- CPA

Useful Life

-- Life Expectancy Chart --

	NAHB	NACHI	HUD - Family	HUD - Elderly	IRS (Pub. 527)
Refrigerator Stove	13 13-15	9-13 13-17	10 20	10 20	5
Carpet	8 - 10	8 - 10	5	7	5
Paint (interior)	15+ *	10 - 15	3 flat; 5 enamel	5 flat; 7 enamel	
Millwork (wood trim)	Lifetime	20 - 50			
Wood floor	Lifetime	100+			
Disposal	12	12			
Tile floors Linoleum	75-100 25	70+ 25	5	7	
Laminate	15-25	15-25			
Window Glazing	10+	25	5	7	
Wood (solid) doors	Lifetime	30-100+			

* Depends on whether or not it is washable, i.e. flat paint

A close-up photograph of a pen resting on a document. The document features a large dollar sign (\$) and the text "who pays for it" in a bold, sans-serif font. The background is a light blue, textured surface, possibly a tablecloth or a document cover. The pen is dark and positioned diagonally across the top right of the frame.

who pays for it

Let's look at examples of damages to determine if it's
normal wear and tear or tenant damage
to decide

“Who Pays For It”

BLINDS - damaged slats



Who pays to replace the blinds?

YARD - before and after photos



Who pays to fix the yard?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --



RENTAL AGREEMENT

Who pays to fix the yard?

LANDSCAPING. Resident agrees to water, fertilize, mow, trim, and maintain all the lawns, trees, plants, flowers, and shrubs at the Premises in a condition satisfactory to Landlord and in compliance with local ordinances, community policies, covenants, and HOA rules and bylaws.

Resident agrees that failure to maintain the landscaping for any reason, including but not limited to, as a result of neglect, pets, etc., is not “normal wear and tear.” Upon Landlord retaking possession of the Premises, if the landscaping is not in the same or better condition as of the time Resident first took possession, Resident shall be responsible for all labor and materials to return the Premises’ landscaping to said condition.

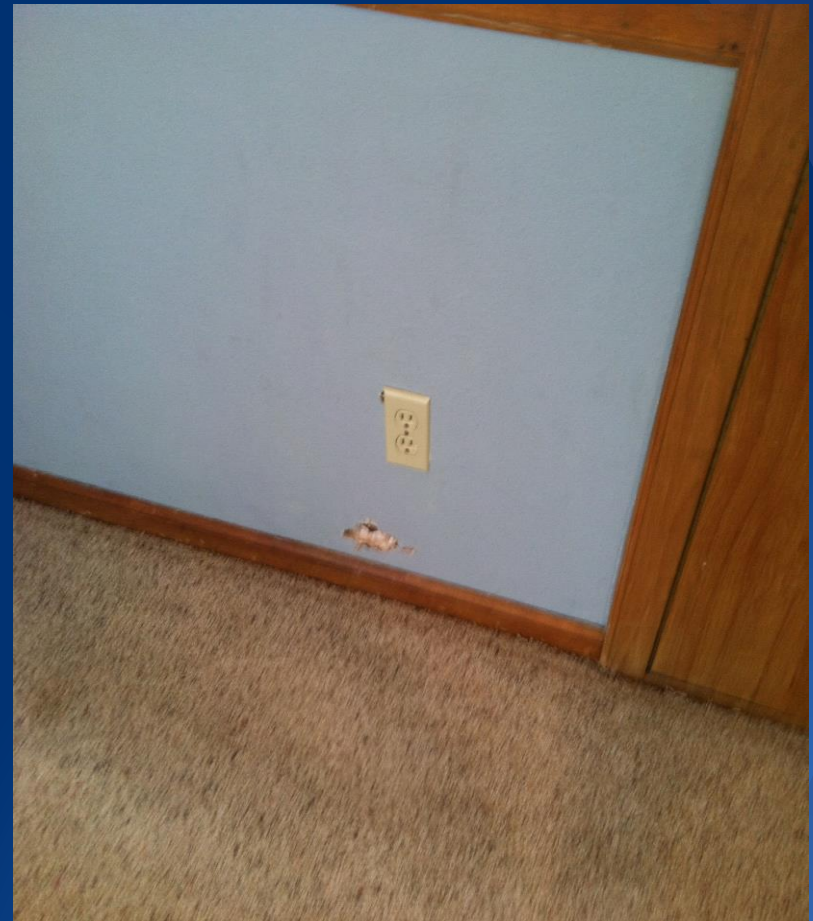
PET ADDENDUM verbiage:

Resident further agrees that Resident will promptly pay for any damage done to any of the Property by said pet, and further agrees to indemnify and hold Landlord harmless from any claim, loss, expense, cost, or damage, including reasonable attorneys’ fees by reason of the said pet being on the Property.

Resident agrees to pay all damages and costs in excess of the pet deposit. In the event the pet deposit amount is not sufficient to cover these costs, Resident will be responsible for payment of the additional damages and costs.

Tenant Pays!

DRYWALL - before and after photos



Who pays to repair the drywall?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --



RENTAL AGREEMENT

Who pays to repair the drywall?

MAINTENANCE OF PREMISES BY RESIDENT. Resident shall use customary diligence in maintaining and not damaging the Premises. Regardless of whether Resident is responsible for making any repair or performing any maintenance, Resident shall always be liable to Landlord for the cost of any repair or maintenance caused by Resident.

Without Landlord's prior written consent, Resident shall not:

make any alterations to the Premises, place stickers, deface or permit the defacing of any part of the Premises; use or install any shades, awnings or window guards; install or remove any existing alarm systems, locks, air-conditioning units, space heaters, antennas, additional phone or cable TV outlets, satellite dishes, hot tubs, trampolines, or additional fixtures; drill any holes into the walls, woodwork, or floors of the Premises.

If Resident makes or installs any decorations, alterations, additions, or fixtures without Landlord's prior written consent, Resident agrees to remove, correct, repair, or replace at Resident's expense.

Tenant Pays!

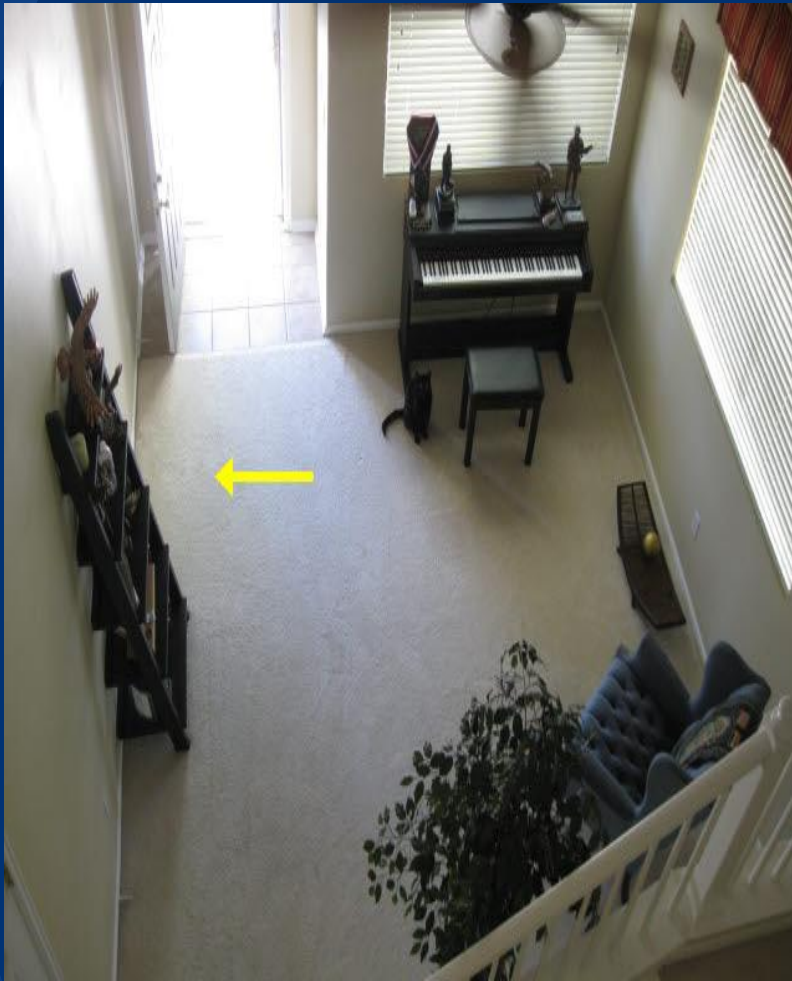
WOOD FLOORS - before and after photos



Who pays to fix the floor stain?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

PAINT - before and after photos



Who pays to fix the paint?

-- Mike Giallanza, MPM® RMP® --

Who pays to repaint?

If Resident makes or installs any decorations, alterations, additions, or fixtures without Landlord's prior written consent, Resident agrees to remove, correct, repair, or replace at Resident's expense.

Tenant: Labor

Client: Paint

(if not on hand/past useful life)



HVAC - no cold air



Who pays for this invoice?

HVAC - no cold air

From: **Scott Druse** <sdruse@msn.com>
 Date: Sun, Jul 21, 2013 at 11:05 AM
 Subject: RE: 776 Granby Cir AC Invoice
 To: Mike Giallanza <>

Hello Mike, the leaking service valves are a very common repair on not just old units but newer as well. The tenant not having a filter in the system for an indefinite time did cause the blower wheel and evaporative coil to become very dirty. When filters are not installed and changed regularly it can cause more problems than just reduced air flow. In the winter months the furnace has an elevated temperature rise causing the heat exchanger to get hotter than the manufacturers designed temps which can shorten the life-span of the unit. Also, with no filter, the blower motor vents get plugged causing the motor to run hot and possibly shortening the life of the motor.

Please let me know if you have any further questions.

Thank you,
 Scott Druse

Northern Climate Control, Inc.
 PO Box 270805, Littleton, CO 80127
 (303) 668-1094
 www.northernclimatecontrol.com

20104

INVOICE WORK ORDER NO. _____ TECHNICIAN NH

DATE PROMISED 7/11/13 AM DATE RESCHEDULED 07/22/13 AM METHOD OF PAYMENT
 CUSTOMER NAME Stev's to stripes CARD # _____ MC VISA OTHER _____
 SERVICE ADDRESS 776 Granby Cir PRINT NAME AS APPEARS ON CARD _____ EXP. DATE _____
 CITY Arvada ZIP CODE 80002 CUSTOMER PHONE 303-597-4843 CUST. WORK PHONE _____ CUST. APPROVAL SIGNATURE _____
 SERVICE REQUESTED: poor cooling
 MANUFACTURER poor cooling MODEL NUMBER _____ SERIAL NUMBER _____ MANUFACTURER NUMBER _____

TECHNICIAN REMARKS:
 1) cleaned blower wheel + evaporator coil. Missing filter **NOTED NO FILTER**
 3) elevated superheat, leaks detected and repaired at valves. System recharged

PART NUMBER	DESCRIPTION	LIST EACH	TOTAL PARTS
1K5reb	Electronic leak search		60.00
1K5epor	leak repair		40.00
cofcln	chemically clean evaporative coil		140.00
wheel	Remove and clean blower wheel		60.00
Ad5sup	2 pounds R-22		150.00

All labor workmanship is guaranteed for 30 days from the date the work was performed. All parts are strictly warranted by the parts manufacturer's implied warranty.

There will be a \$20.00 charge added to any check which is returned by your bank unpaid. Interest charges of 1 3/4% monthly and late fees will apply to all unpaid invoices. In the event that it becomes necessary to take legal action to recover this debt, purchaser agrees to pay all court costs, legal expenses, collection fees and reasonable attorney's fees incurred. Jurisdiction and venue shall be proper in the state of Colorado, county of Jefferson.

REPAIR ESTIMATE		Total Parts
Total Parts		Tax
Delivery Charge		Trip Charge
Tax		Service Labor
Trip Charge		
Minimum Labor		
Service Labor		TOTAL 535.00
TOTAL		

X CUSTOMER SIGNATURE _____ DATE _____
 CUSTOMER SIGNATURE Thank You

Who pays for this AC repair?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --



RENTAL AGREEMENT

Who pays for the AC repair?

Resident shall:

be responsible for all routine maintenance repairs and replacements to the interior of the Premises including but not limited to changing the furnace filter with a new furnace filter every sixty (60) days, replacing light bulbs, batteries in smoke detectors and carbon monoxide detectors as needed, and replacing all kitchen/water filtration filters every six (6) months;

Owner: Leak issue; Tenant: Cleaning.

LANDSCAPING - damage to bushes



Mike,

The Arborvitae are not dead but have been hit really hard by the deep freeze the metro area experienced last April. It will take a long time before they begin to look good again, especially on the west side of the plants. Let me know if you have any further questions,

Charley

Charley Schreiber

Commercial Landscape Care Consultant
Landscape Industry Certified Manager

Who pays to replace them?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

APPLIANCES - Cooktop damage



Perfection Appliance Service, LLC
548 Branding Iron Ct.
Brighton CO 80601
720-929-0688 Voice, 303-637-0565 Fax

Name, Address and Telephone Numbers for the Paying Party STARS & STRIPES HOMES, DTC, INC 8933 E UNION AVE, SUITE 202 GREENWOOD VILLAGE, CO 80111 303.918.3175 303.221.2435 303.221.1435 <small>PHONE-GALLANZA OFFICE FAX</small>			Invoice Number 09502
Name, Address and Telephone Numbers for the Service Location (if different from above) PETERSEN, ERIC & SABRINA # 289 10908 MACON ST [24*25] HENDERSON, CO 80640 719.505.2758 303.518.0951			Date Order Taken and Completed 6/25/13 7/6/13
Description of Symptoms and/or Customer's Request TOP BROKEN			Item Make and Type W/P COOKTOP
Service Performed ORDERED PARTS ; REPLACED BROKEN MAIN TOP (IMPACT BREAK) CHECKS O K.. USED 1 W10285079 FROM STOCK. JOB CMPLTD.			Purchase Date
Parts Used 1 W10285079 Cooktop [Stck xfrd 7/7] 223.57 223.57			Model and Serial Numbers RCC3024RB01 XT0914127

Record of Times at Location GC 7/6 SAT 7:55 8:20 00:25	Payments Received	Parts Total 223.57
Technician's Signature	Customer Signature	Service Call 55.00
		Labor 34.00
		Sales Tax 8.38
		Invoice Total 320.95

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Who pays to replace this?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

PLUMBING - Kitchen sink clog with no access



Who pays for this repair?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --



RENTAL AGREEMENT

Who pays for this repair?

MAINTENANCE OF PREMISES BY RESIDENT. Resident shall use customary diligence in maintaining and not damaging the Premises. Regardless of whether Resident is responsible for making any repair or performing any maintenance, Resident shall always be liable to Landlord for the cost of any repair or maintenance caused by Resident.

Resident shall:

be responsible for all drain and garbage disposal clogs caused by the negligence or misuse of the Tenant. Examples of such negligence or misuse is putting too much toilet paper in the toilet, too much food in the garbage disposal, or using such appliances or fixtures for purposes they are not designed for. Garbage disposals are not designed to dispose rice, potato peels, or other food that becomes mushy or sticky when ground up.

Owner: Access panel; Tenant: Unclog pipe.

CARPET - significant animal/stain damage



Who pays to replace the carpet?

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

Who pays to replace the carpet?

For this home:

Useful life for carpet: 5 years

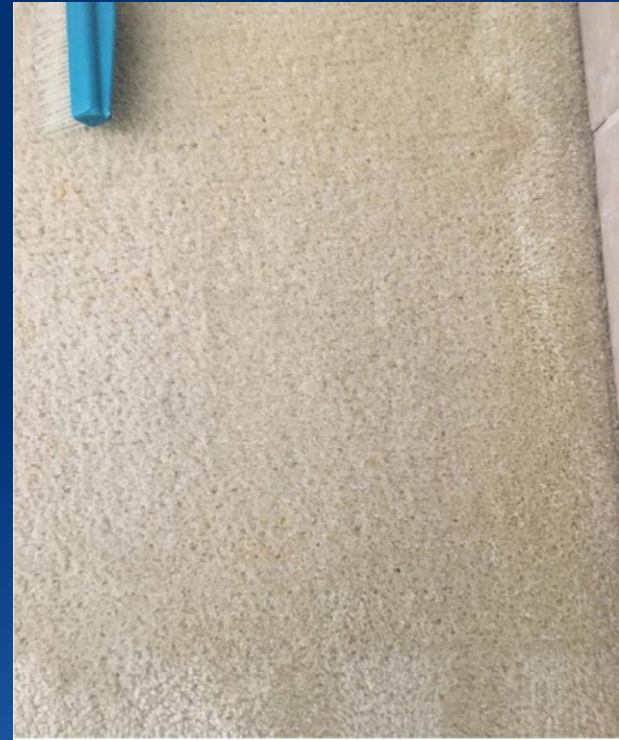
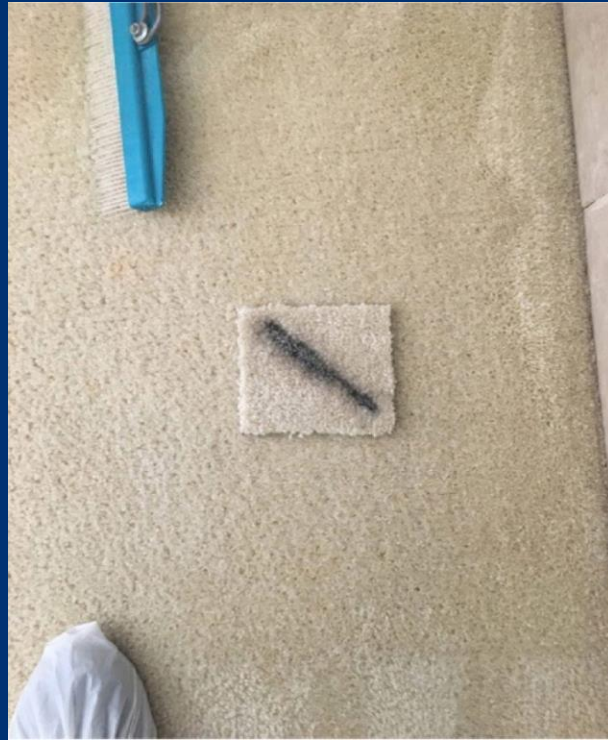
Carpet age upon tenant move out: 2 years

Cost for new carpet: \$2,800

Carpet value per year: \$560
($\$2,800 / 5$ years)

Tenant responsibility: \$1,680
(3 years x \$560 per annum)

CARPET - stain before & after



Who pays to patch the carpet?

Tenant pays.

Notice anything different in the living room?



Who pays to replace the curtains in different colors?

Replace as needed. Tenant pays.

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

WOOD DOORS - Pet damage



How do you proceed?

Repair first, then replace if needed. Tenant pays.

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

Documenting Property Condition

- Photos - upload to tenant section in your PM software for time/date stamp. Recommend Google Suite so photos are automatically stored online
- Tour - Matterport or similar tech
- Video - time/date stamp, upload unlisted to YouTube, copy link to tenant portal in PM software
- Move-In form for tenant(s) to fill out within set amount of time
- Inspection App or built-in PM software feature to document



Conflict Resolution

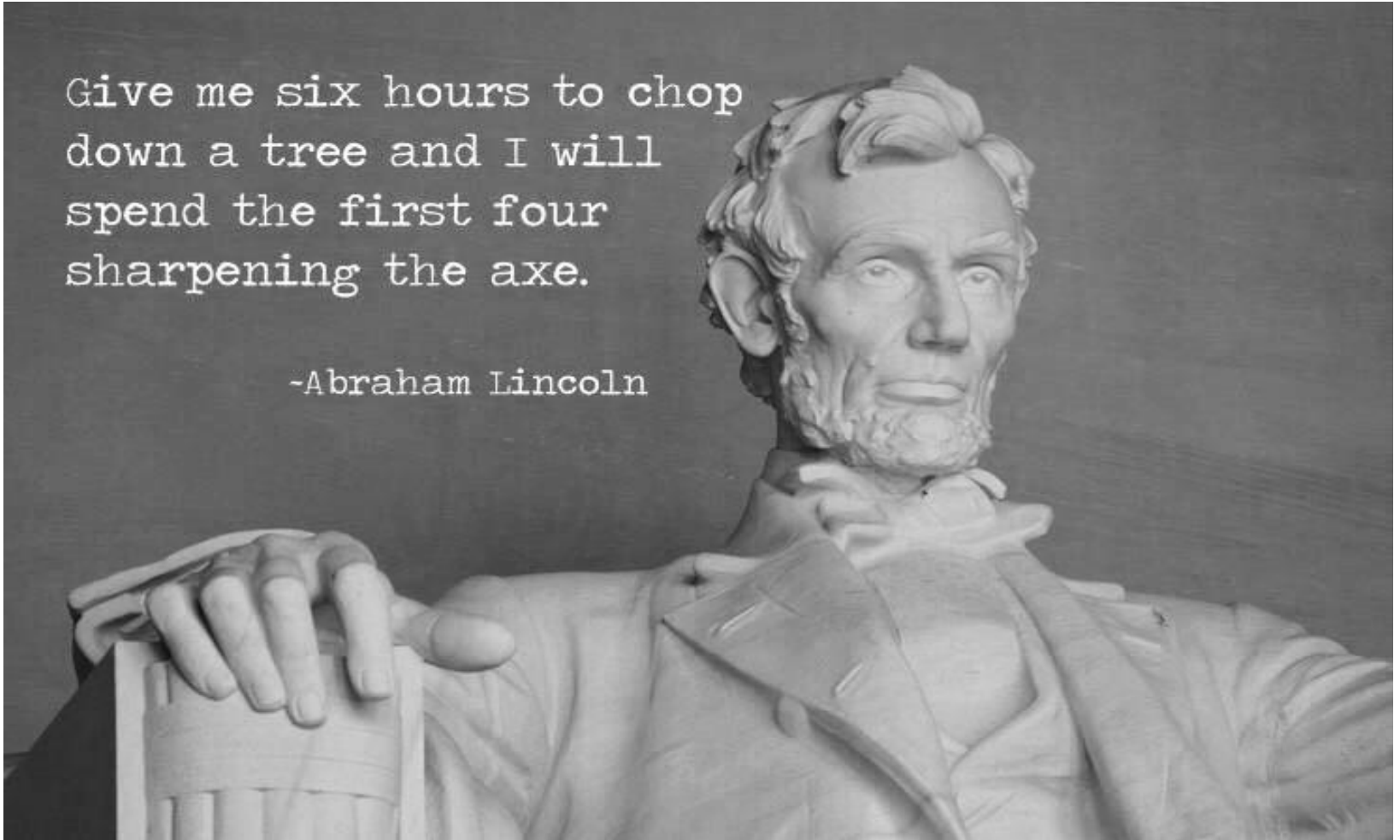


-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

Conflict Resolution

Give me six hours to chop
down a tree and I will
spend the first four
sharpening the axe.

-Abraham Lincoln





- Use the “24 hour” rule before you respond
- Respond professionally, and only in writing
- Reference your photo and/or video documentation
- Let your lease do the talking
- Use 3rd party resources: your contractors or other industry experts, colleagues, and attorney
- Do not use adverbs, e.g. “*actually* you didn’t clean” or “you *totally* destroyed the carpet.”
- Don’t take anything personally (the tough part, right!)
- DO NOT TYPE IN CAPS!

Conflict Resolution

You know Mike I am extremely upset at this moment. The townhouse was cleaned I made sure of that before I left. I spent hours cleaning, the blinds, the windows seals top of cabinets refrigerator restrooms toilets floors everything!!! I have PICTURES of every room and rug prior to leaving. I KNOW IT DIDN'T TAKE NO 6 HRS to clean!

I didn't cause any property damage.

I just forgot to clean... for a year



Respond in writing. Reference your photo/video documentation. Let the lease do the talking.

Conflict Resolution

We're in complete shock over these charges... We have met the previous renters...they told us that they received their full deposit...we feel that we are having to pay for some things that were done by those previous renters & their dog, & that they received their full deposit because you were being used as their realtor when buying their new home. We will not pay for their damages... If a reevaluation is not done we will be forced to start the process of filing claims to the BBB & the National Association of Realtors, after filing for collection of our missing deposit.



Remember, 24 hours to professionally respond and don't take it personally.



Conflict Resolution

We're in complete shock over these charges...

I was in shock too with the move out items. A lot of time and due diligence has been completed on my part preparing this disposition to ensure all charges are fair and appropriate. I have video move-in documentation taken just prior to your move in, and video move-out documentation taken just after your move out to corroborate each charge mentioned in the disposition that was caused during your tenancy. Here are a few videos for your review:

Garage upon move in [link](#) - no damage noted (also at 2:26 in this video [here](#))

Garage upon move out [link](#) - three panels damaged, plus photos attached.

Screen in guest bedroom upon move in [link](#) - screen is in tact starting at 3:09 in video

Screen missing upon move out [link](#) - no screen starting at 1:45 in video; same screen was found bent in the basement.

Loft window upon move in [link](#) - 5:17 shows no cracked window

Loft window upon move out [link](#)

Carpet - You haven't been charged for the carpet and padding, but to imply that your dogs didn't urinate on the carpet is erroneous. As one example, you'll see [here](#) at the 7:42 mark that there was a very large 10 inch circular urine stain in the NW guest bedroom. I've also attached a photo of this part of the carpet after it was pulled up to corroborate the urine stain penetrating through the carpet. Unfortunately, there was no choice but to replace the carpets. My clients have been very fair only charging \$xxx of the \$xxx charge to Kilz the floor.

I know this isn't the news you want to hear and I'm truly sorry for that as it has been a pleasure working with you both. However, these videos demonstrate the items in the disposition letter are a direct result of your tenancy; as such, they have been deducted from your deposit.

-- Mike Giallanza, MPM® RMP®, Home Realty & Management --

Conflict Resolution



If you've made a mistake
improperly withholding money from the deposit,
correct the issue post haste

Just Remember...



Questions?

Mike Giallanza, MPM® RMP®
Home Realty & Management
Mike@HomeRealtyllc.com