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October 1, 2016

Dear Valued Client:

It's been a few months since I've written so I thought I'd use this opportunity to update you about some of the issues affecting your rental property. Also, attached to this letter are your reports for September 2016.

Some of you may have home warranty insurance policies on your rental and some of you may be considering it. Let me be blunt: I'm not a big fan. Although they can sometimes save you money on large repairs they often end up costing you more because of their aggressiveness in selling you services/features (some that you don't need), their sometimes high co-pay, and the significant amount of items they DO NOT cover. Additionally, some of the vendors they use do shoddy work, are unreliable, and VERY difficult to coordinate with. The home warranty companies often keep my staff on hold for excessive amounts of time when we're trying to call in a repair and they will not accept a subsequent call when/if there is an outstanding co-pay due. I add that last sentence because occasionally, there is more than one repair needed. While we will send them a check for the co-pay as soon as it's received, they won't call out a subsequent repairman until the check is received. This can sometimes take 2-3 weeks. That type of delay (and similar inefficiencies), have cost us significant staff time, angered tenants and, occasionally, tenants. Furthermore, some basic habitability issues take far too long to get resolved and our local vendors may be able to resolve the problem for less than the cost of your policy and the co-pay. So, I encourage everyone to re-consider whether or not a home warranty policy is really in your best interest.

Another issue involves our software and the coding of the vendor bills. Sometimes a repair or "turn" can involve lots of parts and labor in a myriad of areas. It could include plumbing, electrical, painting, windows/doors, and or appliances, etc. The vendor bill could be several pages long. We attempt to group (code) as much together as possible into the categories I mentioned as well as others. We also try to write a VERY brief description of the work. Sometimes we're better at the writing than other times. The question always comes up "Why did it cost \$95 to change a light bulb?" The answer might be that the vendor changed 6 bulbs and 5 smoke alarm batteries and it was part of the total of 6 hours they were at the property. We coded an hours' labor to the task. All service calls, no matter how small the job, are for at least one hour of labor. BTW: Rest assured that departing tenants are always charged for missing/burned out bulbs AND for new batteries.

I reiterate the comments from my March 29, 2016 letter regarding Homeowners' Associations. If your rental is in an HOA, please **let us know of any changes** or notices from them. Things like CC&R violations, entry gate code changes, amenity changes, maintenance issues, and the like must be quickly either acted upon or passed on to the tenant.

Owners Newsletters

October 1, 2016

Page 2

The same situation applies to any notices you receive from any City Department. That's particularly important if you receive a notice from Code Enforcement. These type of notices are usually for code violations and can carry hefty fines for non-compliance. They also have a short amount of time to rectify the violation before the fine is assessed. The quicker you send it to us the quicker we can ensure the tenant complies or we have the work done. Enough said.

Another issue that's come up lately involves bed bugs. We're seeing it more and more in situations where tenants bring in used furniture and mattresses. It's a bigger issue in multi-family dwellings than single family housing. To eliminate the bed bugs requires a couple of sprayings and the complete cooperation of the tenants, and costs a few hundred dollars. If we can pin the infestation on a tenant, we'll try and charge them; much more difficult with Section 8 residents.

We continue to evaluate our rental rates and, on a case-by-case basis, are selectively raising rents. The rental market is currently strong and subsequent tenants will pay more in rent than existing ones, BUT, we don't want to force out a good, rent-paying tenant by either being greedy or "betting on the come." Not counting the loss of rents, a vacant property will cost you some funds for advertising, maintenance, commissions, re-keying, etc., and it could take quite a while to make up the additional rent.

Please keep us posted on any change in your mailing address, phone numbers, bank accounts (for those using the ACH process) and/or email address.

I'll continue to write notes on your reports to try to explain anything unusual. I again apologize for my bad handwriting. I write big so you have a better chance of understanding what I'm trying to say. My intent is always to try to answer your question(s) before you ask them and explain any anomaly or unusual entries.

We thank you for your business and pledge to continue to manage your property as if it were our own. We are thankful for the confidence you've shown in our company. Please call, write, or email me any questions.

Sincerely,

Terry A. Fox, CPM®

Owner/Broker

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Enclosures/TAF:ck