



Landlord Risk Mitigation Fund

A Program of the Bloomington Housing Authority



Claims Handbook

funded in partnership with:



What is the Landlord Risk Mitigation Fund?

The Landlord Risk Mitigation Fund is a formal partnership between BHA, Landlords, and community members seeking housing. The LRMF seeks to ease landlord apprehension when leasing to renters with barriers that may otherwise result in denial of a housing opportunity due to screening criteria, such as: poor tenancy history or recent eviction, poor credit, and prior criminal background dispositions.

The LRMF will provide financial backing of up to \$2,000 per household to decrease the risk of financial loss in the event of damages or lost rent beyond the amount of the original security deposit.

When can I file a claim with the LRMF?

Participating Landlords will be eligible to submit a claim request up to 45 days after the participating tenant has vacated the rental property. The fund will NOT cover late rent payments or damages while the tenant is still residing in the unit.

What does the LRMF cover?

Claims may be submitted for any of the following reasons after a tenant has vacated the rental property:

- The participating tenant abandons the rental property and has not made payments towards their rent, resulting in dissolution of the lease.
- Property damage costs exceeding the amount of the original security deposit including (but not limited to) physical damage to a property beyond normal wear and tear.
- Unpaid rent and charges associated with tenancy including late charges, legal expenses and utility charges.

What does the LRMF not cover?

- Repairs needed prior to a tenant moving into the rental to bring the unit up to habitability standards.
- Any repairs noted on the initial walk-through prior to the tenant moving into the rental.
- Damage to the property not caused by the tenant such as storm damage or other unforeseen accidents resulting from forces or persons unaffiliated with the household.
- Move-out fees, administrative fees, lease-break charges, deposit forfeiture or rent responsibility beyond the last day of tenancy.
- Any concern that would be considered normal wear and tear of a rental property.

What is considered “Normal Wear and Tear”?

- A few small nail holes, chips, smudges, dents, scrapes, or cracks in the walls
- Faded paint
- Slightly torn or faded wallpaper
- Carpet faded or worn thin from walking
- Dirty or faded lamp or window shades
- Scuffed varnish on wood floors from regular use
- Dark patches on hardwood floors that have lost their finish over many years
- Warped cabinet doors that won't close
- Cracked windowpane from faulty foundation or building settling

- Shower mold due to lack of proper ventilation
- Loose grouting and bathroom tiles
- Worn or scratched enamel in old bathtubs, sinks, or toilets
- Rusty shower rod or worn varnish on plumbing fixtures
- Partially clogged sinks or drains caused by aging pipes
- Moderately dirty mini-blinds or curtains
- Bathroom mirror beginning to “de-silver” (black spots)
- Broken or worn mechanical pieces of household appliances (e.g. broken thermostat in a dryer)
- Worn gaskets on refrigerator doors
- Smelly garbage disposal
- Replacement of fluorescent lamps – or any light bulb designed to last for years of continuous use

Claim Process

- **Damages:** After a tenant has vacated the rental property, the landlord will complete a move-out inspection. Any damages noted that were not identified in the initial walk-through inspection must first be applied to the initial security deposit supplied by the tenant. Once the deposit has been applied and the tenant has been notified, the landlord may submit a claim request to the Risk Mitigation Fund with proper documentation of the damages. The claim request will include photos of the damage in question, a breakdown of standard move-out accounting, statement of the security deposit being applied to the damages, and a service quote detailing cost of repairs. The LRMF will cover repair costs up to \$2,000 after the security deposit has been applied.
- **Financial Loss:** After a tenant has vacated the rental property, the landlord may submit a claim for lost rent in the event of abandonment or eviction from the rental property, not totaling more than \$2,000 after the application of the security deposit. When completing a claim for financial loss the landlord should provide documentation of past due rent and a statement of the security deposit being applied to this loss prior to reimbursement from the LRMF.

Appeal Process

- Claims may be denied due to lack of supporting documentation, photos or simply lacking information on the form. If the claim is denied for any of these reasons, the landlord will be contacted, and the information will be requested to satisfy the requirements of the claim.
- Claims that are denied for any other reason may only be resubmitted with a judgement against the tenant included.

Situational Examples

1. Beth moves into a newly renovated one-bedroom rental and pays a security deposit of \$650. She lives in the unit for the full 12-month lease agreement and then vacates. While doing the move-out inspection her landlord discovers that she has a rather large stain on the carpet of her bedroom. The stain cannot be removed with cleaning, and the carpet will need to be replaced. The landlord received a quote of \$875 to replace the carpet. The landlord will first apply the \$650 security deposit to this repair and file a claim with the LRMF for the remaining \$225.
 - The landlord will need to submit the following when making a claim:
 - Beth’s Executed Rental Agreement

- Beth's Executed Move-In Condition Report
- A copy of standard move-out accounting
- Photos of the damage in question
- Invoices for repairs made
- Property Management's completed claim submission application

2. Beth moves out of her rental upon completion of a one-year lease agreement leaving no damages. However, she has failed to pay her last 45-days of rent (occupied), owing \$975. Upon inspection the property manager discovers that minor repairs are needed such as replacing old blinds, worn refrigerator gaskets, and light paint touch up; which is considered normal wear and tear. The landlord will first apply the \$650 security deposit to the past due rent of \$975 and then file a claim with the LRMF for the remaining rent balance of \$325.

- The landlord will need to submit the following when making a claim:
- Beth's Executed Rental Agreement
- Beth's Executed Move-In Condition Report
- A copy of the tenant ledger showing the rent deficiency
- Copies of invoices
- Property Management's completed claim submission application

**In this instance, if Beth had not owed money for past due rent the landlord would not have filed a claim as the needed repairs and paint touch up is considered "normal wear and tear". **

3. Beth has been residing in the home for 7 months. She is current on her rent, and the landlord has not noted any damages so far in the rental. One night, there is an especially bad storm and a tree branch breaks in Beth's front yard, falling into a window and breaking it. Beth covers the open window with plastic preventing any more water from getting into the home and notifies her landlord right away. The landlord receives a quote for \$200 to replace the glass in the window. The landlord is not able to file a claim with the LRMF due to the nature of the accident and it not being able to be prevented by Beth.

4. Beth has been living in the home for 9 months, but did not pay her rent this month. Her landlord attempts to contact her without success. They send notices of rent due, but still do not hear back from her. Eventually her landlord visits the property and finds it in good repair, but empty with no sign of anyone living there. After several more attempts to contact Beth with the assistance of a representative of the LRMF, the landlord files for eviction. The eviction is granted, but the landlord has now lost out on two months' rent, totaling \$1,300 plus late fees totaling \$100. The landlord will first apply the \$650 deposit to the balance owed and will then file a claim with the LRMF for the remaining balance of \$650 in addition to court fees for the eviction.

- The landlord will need to submit the following when making a claim:
 - Beth's Executed Rental Agreement
 - A copy of the tenant ledger showing the rent deficiency
 - Copies of invoices
 - A copy of the executed order for eviction
 - Property Management's completed claim submission application

Physical Damage Claim Form Example (Situation #1):

Property Owner Contact Information			
Name: <u>ABC Property Manager</u>			
Phone Number: <u>(812) 555-1234</u>			
Address: <u>123 Landlord Way</u>	<u>Bloomington</u>	<u>IN</u>	<u>47403</u>
<small>Street</small>	<small>City</small>	<small>State</small>	<small>Zip code</small>
Household Information			
Name: <u>Bethany Renter</u>			
Phone Number: <u>(812) 555-5678</u>			
Unit Address: <u>123 Renters Way</u>	<u>Bloomington</u>	<u>IN</u>	<u>47403</u>
<small>Street</small>	<small>City</small>	<small>State</small>	<small>Zip code</small>
Type of Claim (Please submit a separate form for each <u>type of loss</u>):			
<u>Property Damage</u>			
Reduction of Reimbursements from Other Sources: (deposits, insurance, or other program, collected rent for period etc.)			
<u>\$650 security deposit</u>			
Reason for Claim Request:			
<u>To cover the cost of carpet replacement in the bedroom due to a large stain unable to be removed through carpet cleaning</u>			
Claim amount requested:			
<u>Two Hundred and Twenty-Five Dollars</u>			

Please attach supporting documentation:

- ✓ A copy of your standard move-out accounting, and documentation used to make claims against security deposits
- ✓ Certification that all costs are actual costs and not being reimbursed from other sources
- Supporting Court Judgement if available.

For Physical Damage Claims ONLY:

- ✓ Attach a description (work order or contract) of the proposed repairs including quantities, materials, unit prices, and an estimate, bid, or invoice for repairs (including material and labor).
- ✓ Photos of damage should be provided.

For Operational Losses ONLY:

- Owners must complete a separate claim form for Operational Losses as well as provide a brief explanation of what occurred and what actions the owner and/or manager took to try to limit losses.

Operational Loss Claim Form Example (Situation #4):

Property Owner Contact Information			
Name: <u>ABC Property Manager</u>			
Phone Number: <u>(812) 555-1234</u>			
Address: <u>123 Landlord Way</u>	<u>Bloomington</u>	<u>IN</u>	<u>47403</u>
<small>Street</small>	<small>City</small>	<small>State</small>	<small>Zip code</small>
Household Information			
Name: <u>Bethany Renter</u>			
Phone Number: <u>(812) 555-5678</u>			
Unit Address: <u>123 Renters Way</u>	<u>Bloomington</u>	<u>IN</u>	<u>47403</u>
<small>Street</small>	<small>City</small>	<small>State</small>	<small>Zip code</small>
Reason for Claim Request:			
<u>To cover the cost past due rent for the months of June and July, plus court late fees and expenses for eviction proceeding.</u>			
Type of Claim (Please submit a separate form for each <u>type of loss</u>):			
<u>Operational Loss</u>			
Reduction of Reimbursements from Other Sources: (deposits, insurance, or other program, collected rent for period etc.)			
<u>\$650 security deposit</u>			
Claim amount requested after security deposit has been applied:			
<u>Thirteen Hundred Dollars - Past Due Rent for June and July</u>			
<u>One Hundred Dollars - Late Fees</u>			
<u>One Hundred and Fifty Dollars - Court Expenses</u>			
			<u>Total Claim: \$900</u>

Please attach supporting documentation:

- ✓ A copy of your standard move-out accounting, and documentation used to make claims against security deposits
- ✓ Certification that all costs are actual costs and not being reimbursed from other sources
- ✓ Supporting Court Judgement if available.

For Physical Damage Claims ONLY:

- Attach a description (work order or contract) of the proposed repairs including quantities, materials, unit prices, and an estimate, bid, or invoice for repairs (including material and labor).
- Photos of damage should be provided.

For Operational Losses ONLY:

- Owners must complete a separate claim form for Operational Losses as well as provide a brief explanation of what occurred and what actions the owner and/or manager took to try to limit losses.