



CENTURION MANAGEMENT SERVICES

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Property Repairs and Why They Have to be Completed in a Timely Manner

Our property owners frequently ask us... "Do I have to make that repair? It's so expensive." There is no simple answer to that question. It depends if the repair has an impact on habitability.

We have had clients who have called Centurion and requested us to replace light bulbs in chandeliers, repair a hole in a wall (which they made) and mow the grass. Those, and other similar tasks, are all the responsibility of the tenant. However if the repair is mechanical, such as hot water heater, HVAC, or a plumbing leak, then it is the owners responsibility. The keyword is **habitability**. All repairs that affect the habitability, **MUST BE REPAIRED WITHIN 48 HOURS**.

Centurion maintains repair reserves for each property. These reserves range from \$300 to \$500. Centurion uses those reserves to

complete repairs that affect habitability. When Centurion uses your reserves to complete repairs, we do not need your permission. For larger more expensive repairs, Centurion will call you and request your permission and funding for the repair.

Many of you have home warranties on your property. Unfortunately, many home warranty companies do not understand the 48 hour deadline for repairs. For instance: if your property's air conditioning unit stops working in August when it is a 110 degrees, that repair must be made within 48 hours. If your home warranty company does not return our calls, we will call you requesting funds for repairs. We cannot simply wait for the warranty company. Our job is to protect you.

As your property management company, it is our responsibility to

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Centurion's Repair Contractors

Centurion Management Services has expanded our contractor's list to offer both owners and tenants faster service for repair calls. We currently have 85 vendors we work with. The Las Vegas area has seen a 30% increase in contractor pricing in the last year. Business and building is booming in Southern Nevada. Price have gone up, and reliable contractors are frequently engaged elsewhere.

We require our service providers/contractors to be bonded, licensed and insured. These requirements protect you and your property. While there are many 'handymen' out there, not all handymen meet our legal requirements.

Of course, owners may choose to do their own repairs or hire their own contractors. Either way, the 48 hour habitability statute still applies.

If you have any questions regarding our contractor's list, please feel free to call Centurion.

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ensure that your property is maintained in accordance to the Nevada Revised Statute. It is important to know that NRS 118.290 states: *Landlord shall maintain habitable dwelling unit. "Habitable" means capable of allowing an average person to use and enjoy the dwelling and live free of defects affecting health or safety.*

Dwelling must comply with health and housing code, and have:

- (1) hot and cold running water;
- (2) floors/walls that provide adequate weather protection and do not leak;
- (3) a working toilet;
- (4) doors and windows that open, close, and fit properly;
- (5) electrical outlets and wiring that operate safely;
- (6) building and grounds free of garbage, rodents, insects, and vermin;
- (7) adequate heat;
- (8) other services, like ventilation, a/c,

elevators, appliance, IF supplied by the landlord when you moved in or required in your lease.

What steps can a tenant take if the your property is not 'habitable?'

STEP 1: What is the problem or habitability issue?

STEP 2: Who is responsible? If Tenant or tenant's guest caused problem by deliberate or negligent act, landlord is NOT responsible (applies to NRS118A.350, .355, .360, and .380)

STEP 3: Have you made a reasonable attempt to fix the violation? If fixed, Tenant cannot proceed

STEP 4: What can a tenant do? withhold rent, terminate lease, restore essential services, abatement, or sue for damages

" Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined. The wise young man or wage earner of today invests his money in real estate."

— Andrew Carnegie, billionaire industrialist

It will be Sizzling Soon! Time for an A/C Tune-up!

\$99*

Centurion is offering our owners a air conditioning tune-up special for the low price of \$99. In Las Vegas, air conditioning units get a real workout. Be proactive and have your investment property's A/C unit checked out.

*does not include any repairs or parts

Are Income Property Repairs Deductible?

The general rule is that the cost of "repairs" incurred to maintain your rental properties may be deducted from each property's taxable income in a given year. However, some repairs are considered "improvements" in which you're not allowed to deduct the entire expense immediately.

Repairs vs. improvements, so what's the difference?

Repairs are usually one-off fixes that help keep the property in good working condition and habitable. Although the price is irrelevant, most qualifying repairs tend to be under \$500 in cost.

Whether you're fixing a hole in the wall, or a unclogging a shower drain, you can deduct the cost of these minor repairs from the current year's tax liability.

The IRS clarifies in the 1040 Schedule E Instructions that "repairs in most cases do not add significant value to the property or extend its life."

Anything that increases the value of the property or extends its life is categorized as a "capital expense" and must be capitalized and depreciated over multiple years.

Improvements, such as replacing a roof or renovating a kitchen, are usually more labor-intensive than repairs and typically cost substantially more.

The assumption is that these improvements will add value to the property over multiple years, not just the current year – and thus why you can't deduct the entire \$20k kitchen renovation in a single year.

Types of Capital Expenses

The IRS uses the following categories to help define a capital expense. You are required to capitalize and depreciate the following: Improvements. You must capitalize any expense you pay to improve your rental property. An expense is for an improvement if it results in a betterment to your property, restores your property, or adapts your property to a new or different use.

Betterments. Expenses that may result in a betterment to your property include expenses for fixing a pre-existing defect or condition, enlarging or expanding your property, or increasing the capacity, strength, or quality of your property.

Restoration. Expenses that may be for restoration include expenses for replacing a substantial structural part of your property, repairing damage to your property after you properly adjusted the basis of your property as a result of a casualty loss, or rebuilding your property to a like-new condition.

Adaptation. Expenses that may be for adaptation include expenses for altering your property to a use that is not consistent with the intended ordinary use of your property when you began renting the property.