



NORTHBAY

OWNER MANUAL

(REV. 07-2022)



PMI Northbay...

Making Property Management Manageable

Thank you for choosing PMI Northbay to manage your investment. We are aware that you had many choices and we appreciate that you have selected us as your property management company.

We work to achieve the highest professionalism in property management services. Therefore, we have prepared the PMI Northbay Owner Manual to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures of our property management services. After reading the material, if you have questions or any concerns, please contact your management team using the company contact information provided in the following pages.

Please Note: The information provided in this manual is subject to change. Landlord/Tenant laws, personnel, policies, and procedures change accordingly to events that take place. We work diligently and continually to improve services and personnel training while remaining current with all landlord/tenant legislation.

Once again, thank you for choosing PMI Northbay as your property management company. We look forward to a successful business relationship.



Property Management, Inc.

PMI Northbay is a franchised property management company operating in the North Bay Area, specializing in full-service property management. The company was established in 2014, and is actively involved in the community.

PMI is an abbreviation used in lieu of the full company name, Property Management, Inc. and will be used throughout this manual.

PMI Northbay Mission Statement

The mission of PMI Northbay is to provide relationship-based, professional property management service within the community, demonstrating the highest the highest level of integrity and professionalism.

PMI Northbay Principals

The owners/principals of PMI Northbay are Mary & Timothy Shaw. They provide the guidance and direction of the company as well as personally oversee all contracts, policies, and procedures. The real estate broker of record for PMI Northbay is Mary L. Shaw.



PMI Northbay Contact Information

Name	Position	Phone	Email
Mary Shaw	Owner/Broker/REALTOR®	(707) 492-1088	mary@pminorthbay.com
Tim Shaw	Owner/Broker Assoc./REALTOR®	(707) 492-1088	tim@pminorthbay.com
Shannon Romo	Maintenance Coordinator	(707) 492-1088	shannon@pminorthbay.com
Jody Price	Assistant Property Manager	(707) 492-1088	jody@pminorthbay.com

Office Information

Address information		
Mailing Address	2420 Martin Road, Suite 330	
	Fairfield CA 94534	
Telephone		
Business #	(707) 492-1088	
FAX #	(707) 492-1087	
Internet		
Website	www.pminorthbay.com	
Office Hours		
	Monday – Friday	9 - 5
	Saturday	By appointment only
	Sunday/Holidays	Closed
Emergency Contact Information		
	Call Tim @ (707) 816-8145 or EZ Repair Hotline @ 888-285-6884	

Communication

Communication is a key to the success in any relationship. We work constantly to improve communications with both our existing and prospective clients. This includes everyone – property owners, tenants, vendors, and the general public.

Website

We stay current with business technology. The PMI Northbay website, www.pminorthbay.com, has proven to be a tremendous benefit to our clientele. Take the time to review our website for general information on our company.

Company Communication

PMI personnel communicate with vendors by:

- Email
- Telephone
- Text
- Fax
- Owner's Web Portal (written conversations can be initiated here as well)

Owner Communication

As mentioned earlier in this guide, communication is a key to success. We kindly request that you let us know of any changes that may affect your account. We need to know when you are moving, if you have a problem with your account, if your social security number has changed to a Tax ID, or any other important information. Please use your owner portal or email to notify us of any changes.

Email

We encourage all owners to use email or the owner portal to contact us. These methods are fast and effective. Please ensure we have your current email address.

Please Note: When using an Internet email account, we request that you put the "property address" in the subject line; this helps us identify the importance of your message, and avoids oversights or deletions.

Owner Responsibilities

In order to ensure a successful business relationship, we have outlined below some general responsibilities of property owners.

- Notify us of any ownership change or eminent ownership change for the managed property.
- Supply us with accurate information so we can service your account efficiently.
- Review PMI statements monthly and notify us of any discrepancies found within 30 days.
- If using ACH to receive your rent payment(s), check bank statement(s) monthly to verify accuracy of deposits; notify us immediately if there are any problems.
- Support Fair Housing Laws and guidelines, as well as all necessary legislation.
- Maintain a current insurance policy for your property and provide renewed policy documentation annually.
- Exercise responsibility for required maintenance and the safety of tenants.
- Treat PMI personnel with courtesy; Notify PMI principals if there are problems with personnel so that they can be resolved quickly.

The Scope of Property Management

What is included in PMI Northbay's Property Management services?

We want you to know what we do for you as your property management company. Therefore, we have outlined details on our policies and procedures in future pages of this manual. There are so many details and aspects of managing property, that we can only include the basics in this manual. If you have more questions, contact your management team.

What is Not Included in PMI Property Management Services?

Because PMI provides owners with full service, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services (see below). There are also areas licensed real estate agents dare not tread, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request, and review the paragraph below as well as applicable language in your management agreement:

Owner understands and agrees that normal Property Management does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Homeowner Association meetings.

If you have any questions on what is included or not included in property management, please let us know.

Company Policies

It is very important in the field of Property Management, that we follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers (NARPM), California Apartment Association (CAA), and the National Association of Realtors, NAR®.

Bureau of Real Estate Requirements

The California Department of Real Estate ("DRE") requires licensing for all businesses conducting Property Management Services. Additionally, Licensed Real Estate Agents conducting property management services must work under the supervision of a licensed Real Estate Broker.

Code of Ethics

We follow the Code of Ethics outlined by the National Association of Realtors®. We consider this a top priority in conducting business.

Drug-Free Policy

We have a drug-free policy for all personnel, vendors, and tenants. This policy is incorporated into our rental/lease agreements, tenant, personnel, and vendor documentation.



Legislation

We adhere to the laws and guidelines of federal, state, and local legislation. Professional forms provided by Kimball, Tirey @ St. John, LLP, are used for all contractual leasing documentation related to the property management services of your property.

Lead-Based Paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. We follow all mandated federal and state guidelines for lead-based paint. All properties constructed prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and we provide them with the required EPA Pamphlet, *Protect Your Family from Lead in the Home*. Owners are also requested to sign this required disclosure.

Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property. Legislation now provides that owners and managers must use certified vendors to work on lead-based paint.

Mold Issues

We regard mold issues as a top priority in property management. Owners should be aware that mold is another leading issue in the property management industry and failure to act if a tenant reports or discovers mold can lead to costly lawsuits.

This is an area of extreme liability and we notify you immediately if a tenant reports mold so that proper steps may be taken to resolve the issue.

As of January 1, 2022, Landlords are required to provide tenants with the pamphlet, "Information on Dampness and Mold for Renters in California."

Answers Regarding Funds

When you entered into a management agreement, we established an account for you and your property. We recognize the importance of accurately collecting and disbursing funds. The bookkeeping program we use is specialized software designed to handle the many facets of property management and accurate record keeping and complies with the requirements of the California Department of Real Estate.

Banking

We hold the funds in your account in a trust fund mandated by the state of California. This account does not earn interest. We account for each owner's funds separately in the trust account and do not co-mingle funds with broker monies, following the California Board of Real Estate's requirements.

Monthly Statements

We send monthly statements to owners via email/owner portal. If you have difficulty reading your monthly statement, please contact us. We are happy to assist you and answer your questions.



Disbursement of Monthly Funds

We generally disburse available funds to owners by the 10th of each month and you should expect to have disbursed funds in your bank account between the 10th-15th of any given month. We distribute owner funds in two ways:

- ACH direct deposit – directly disbursed into an owner’s bank account
- Company check disbursed directly to the owner

Please Note: We do not disburse funds until tenant payments have cleared and there are sufficient funds in the owner’s portfolio.

End-of-Year Procedures

At the end of each year, we are required to file 1099s for income received over \$600. Please note that this amount is for “total income received,” and not the yearly total of owner disbursements. The Internal Revenue Service dictates the “total income received” requirement. Security Deposits are not included in this amount.

It is necessary that you supply us with your Social Security/Tax ID information so your 1099 is accurate. We will send the 1099 by January 31 for the previous tax year. If there is a change in your tax information such as a new trust or address, please notify us as soon as possible.

We also issue 1099s for disbursements to vendors for work over \$600.00. Therefore, owners do not have to issue 1099s for work completed and paid through our trust account. Owners are responsible for issuing 1099s to any vendor paid through the owner’s personal account.

You will be provided with a Schedule E for the year that will reflect “total amounts” for income and expenses that have transpired throughout the year, such as management fees, leasing fees, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued through an owner’s personal account. Owners can submit this statement to their tax person along with other information they personally compiled for income tax reporting. Please Note: We do not issue statements to the owners’ tax preparers.

Renting Your Property

Preparing to Rent the Property

When prospective tenants view your vacancy, we want the property to look its best and compete with other rentals in the area. We will go through the property with you, suggest any maintenance that may be needed as well as conduct a rental market survey.

Setting the Rent

Supply and demand determines market rate/rental amount. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are “for rent” in the same area, it can make it easier to rent the property. Because markets do change, we will conduct a rental market survey and advise you on the “current rental market.”

How Long Will the Property Be Vacant?

This is the most commonly asked question we receive from owners. Unfortunately, there is no way to predict how long a property will remain on the market, even in the best market conditions. However, we work diligently to rent the property as quickly as possible. What is important to remember is that the most important objective is to obtain “a quality tenant.”

PMI or any other property management company can rent properties “quickly” if they do not have standards for obtaining good tenancy. However, unqualified tenants will only create more expense and another unwanted vacancy. Waiting for a qualified tenant is worth the additional time it can take to rent the property.

Advertising/Marketing

Internet/Website

We have found that Internet marketing gains tremendous exposure/response from potential tenants. We advertise online to several sites such as Hot Pads, Zillow, Trulia, etc. as well as our own website (www.pminorthbay.com). We take full advantage of this medium to reduce advertising costs and gain more exposure for your property quickly.

Signage

We have attractive, professional “For Rent” signs and may display them prominently if appropriate. Signs promote calls. The caller can immediately access the property information, view photos and request showings online 24 hours a day.

Showings and Applications

We personally conduct showings for each vacant unit. We arrange showing times for your property by appointment. We prepare a descriptive flyer about your property, which also includes qualifications to rent/instructions to apply online, etc. When prospective tenants see the property, the management team distributes flyers, answers questions and provides guidance on the application process.

Processing Tenant Applications

Tenant Screening

Thorough screening is crucial to successful Property Management. We require all applicants to complete a detailed application and submit it for processing/approval. A credit check is not enough! Our company conducts a careful review of their credit, income, background and tenant history. Recent changes in law affect the ability of Landlords to disqualify an applicant based upon information contained in a background search. Please ask us if you are unaware of these laws or need further clarification.

All applicants must submit verifiable information of their income to show they can support the property. Rental history or previous home ownership is carefully checked. Cross-referencing all three areas – credit, tenant history, and income - provides the answers to qualify or disqualify prospective applicants. Due to the Covid-19 pandemic, many laws changed with regard to what can be disclosed by Landlords. Careful evaluation of all qualifications submitted by applicants has never been more crucial.

Guarantors

We believe that the strongest applicants will have the ability to rent on their own merits. However, there are sometimes situations that may warrant a guarantor on a property. If this is the case, we will notify you, discuss the reasons, and obtain your authorization.



Pets

If you authorize a pet, we collect an additional security deposit amount of \$500 per animal.

Many tenants have or want pets. It is legal for property owners to choose to not rent to people with pets (with the exception of “assistive or service animals.”) We recommend to owners that when the property is on the market, that pets are “negotiable.” This can solve two problems.

1. First, this encourages prospective applicant to disclose any pets. Then, based on the owner preference on pets, we can automatically notify the applicant that the owner does not allow pets.
2. Second, by listing pets as negotiable, it avoids eliminating an excellent tenant that does care for their pet, has an excellent tenant history, and owns a pet that is suitable to your property.

Service or Assistive Animals

Special Note: “Service or Assistive Animals” for handicapped/disabled persons are not pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service or assistive animal. Fair Housing legislation does not allow owners or property managers to collect deposits of any kind for service/assistive animals.

Landlords must process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application.

The Tenant Move In

Rent and Security Deposits

We do not accept personal checks prior to renting the property and do not allow “payments” on security deposits – we require all funds paid in full prior to renting the property. This eliminates prospective tenants who really do not have the necessary funds for renting.

Once approved, all applicants must pay in full, the first month’s rent, and a security deposit (typically the rental amount plus \$500/except in circumstances prohibited by law) in certified funds.

Rental/Lease Agreements

Once we receive funds, a thorough rental/lease agreement with the applicant is completed.

All persons 18 and over are required to read and sign all rental/lease agreements. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease agreements.

Walk-Through

A vital part of the rental agreement is a detailed digital walk-through/move-in inspection performed on the property, documenting the condition of the property when tenants move in. Unless extenuating circumstances prevail, we complete the move-in inspection and have them sign off on it before the tenant takes possession of the property.

The move-in inspection documents the condition of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund.

Tenant Handbook

Tenants immediately receive the “*PMI Tenant Handbook*.” This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give proper notice to vacate, leave the property in good condition, and more.

Working with Your Tenants

Collecting Rent

Rents are due on the **1st** day of the month. There is a five-day grace period before late fees are assessed. Any rent payment not received by the close of business on the 5th day of the month will be assessed a 6% late fee. Once collected, the late fees are split 50/50 between PMI and the property owner.

We recognize that many things can happen when it concerns rent. Rent really can be lost “in the mail”; employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem.

Notice to Pay or Quit

If we do not receive rent by the due date (inclusive of grace period), we first make contact with the tenant to discuss the situation and determine from the tenant when they intend to pay the rent. If the timeframe is acceptable to all parties, all is fine. If we cannot reach the tenant or they indicate that they cannot pay rent, we prepare and deliver a timely Notice to Pay or Quit, as the law allows. A professional process server may be used to deliver legal process. If the tenant does not pay the rent during the Notice to Pay or Quit period, we contact the property owner and work out a plan of action.

Other Notices

There are other notices that may be involved with tenants. Notices are prepared/served as situations warrant, such as a notice to clean up the landscape, a notice to enter the property, a notice to perform survey/inspections, a notice regarding a non-approved pet, tenant, etc. These tenant violations may be in the form of a letter or a legal notice. Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, we contact the owner with the information to discuss the situation. If legal process service is required, your portfolio will be charged a fee to prepare/serve the notice. If applicable, the tenant ledger will be charged in attempt to recover these funds.

Tenant Problems

PMI has years of experience handling the myriad of tenant difficulties that can occur. Our policy is to obtain good tenants, eliminating many tenant problems. However, even good tenants have problems. We treat each problem with a common sense approach, follow landlord/tenant law, and use the appropriate documentation. If the situation is serious, we contact the owner, and work to find a solution for the problem.

Our company policy is to take a “what if” approach. We document tenant problems in the event that it becomes a legal problem. One of the reasons you hired a property manager is for “peace of mind.” We recognize and appreciate that fact and we work to prevent legal issues from arising.

Legal Action

Although we work diligently to avoid the necessity to begin any legal action, such as an unlawful detainer or eviction proceeding, it can happen. In the event any legal action is required, we will contact the owner prior to taking action, discuss what is needed, and obtain owner authorization.

Maintenance

Preventative Maintenance

The best approach to maintenance is “preventative maintenance,” and this is our policy.

First, we have already started with educating the tenant by:

- Completing a detailed rental agreement that outlines what the tenant responsibilities regarding maintenance are as well as owner obligations
- Completing a walk-through documenting the condition of the property before the tenant takes possession
- Supplying tenants with the “*PMI Tenant Handbook*,” which provides additional instructions on the care of the property and how to report maintenance items

We want the tenant to know from the beginning of their tenancy that the landlord expectations are to “care for the property.” This approach can prevent costly maintenance.

Next, we use “preventative maintenance” techniques when work is required and utilize competent contractors. Often the minor expenditures save the most money, e.g. doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, and more. Many small repair items can prevent maintenance that is more expensive. Consider the cost of repairs like holes behind doors, clogged heaters and air-conditioners, appliance problems, dry rot, safety issues and more.

Then, of course, there are the major issues in a home such as the roof, the exterior condition of the building, carpeting, interior, and exterior paint, etc. When left to deteriorate, it usually means the owner will have to spend more in the future.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, “delayed news can become very bad news.”

This is why, in our tenant instructions, we require them to report maintenance. For example, what is worse than finding that dry rot or discoloration of the linoleum could have been prevented if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

Our management team contacts owners regarding maintenance above the **\$300** minimum that is listed in management contract, unless the situation is an emergency.

Emergencies/Disaster

When an emergency and/or disaster strikes, we have policies in place for the property and tenants. We notify the property owner as soon as practicable. The nature of the emergency and/or disaster determines the action needed.

There are times when a property manager must “act” in order to prevent great financial risk to the owner. For example, when a property is flooding, action is necessary, particularly if the property owner is not immediately available.

When the Tenant Vacates

Notice to Vacate

When there is a notice to vacate, the move out procedures with tenants are as critical as the procedures when the tenant moved in. The preparation for this really began when the tenant moved in with a detailed rental agreement, walk-through, and the *PMI Tenant Handbook*. All of these documents gave instructions to the tenant on how to move out.

Communication with Owners and Tenants

We notify the owner when we receive a Notice to Vacate from the tenant.

We also respond to the tenant and provide them with an opportunity for a pre-move out inspection as well as give them tips for a successful move out. Rent is required until the end of the notice unless otherwise stated in the rental/lease agreement.

Tenant Move Out

We conduct a walk-through similar to the one performed when the tenant moved into the property. We record any maintenance required and disclose a list of damages to the vacating tenant. A digital move-out inspection, including photographs, are taken when the tenant moves out to document the condition of the property and support any deductions from the security deposit.

After assessment of the tenant move out, we advise owners of any tenant damages or any maintenance required to re-rent the property.

Security Deposit Refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. Should an owner elect to hold the deposit themselves, they assume legal responsibility for preparing all security deposit disposition documentation and returning the security deposit to the tenant within 21 days of the tenant vacating.

Collections

If collecting damages is required, we will refer you to a qualified consumer collection service. PMI management does not include recovering tenant damages, but leaves this to companies with expertise in debt collection. We will supply consumer collection companies with the necessary documentation needed.

Cancellation of Management

It our goal to satisfy your management needs and engage in a successful business relationship; however, we do recognize that things do change over time. Owners sell properties; people give notices. If this happens, our cancellation policy is to resolve your account in a professional, timely, and pleasant manner.

Please review the following policies for cancellation.

Written Notice

- The Management Contract calls for a **30-day** written notice by either party, but this excludes the minimum management period documented in your contract. Please refer to your management contract for details.
- Our policy is to give cancellation of management by US Mail and Email.
- If an owner sends a cancellation of management to PMI by US mail, PMI must receive the notice within **five** business days of the date of the notice.
- We do not accept cancellation of management by email due to lack of required signature(s).
- We do accept cancellations via fax.

Notice to Current Tenants

- We will notify current tenants of the date we will no longer manage the property and that we forward all security deposits to the owner.
- It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

Distribution of Documents

- We will supply current tenant documentation to the owner. Much of this information is also available in the owner portal.
- If the owner has employed new management, it is the owner's responsibility to instruct them to contact us to arrange pick up of documents, keys, and any other necessary materials at our office.

Final Distribution of Funds

- We will distribute funds, including security deposits, and final statements to the owner as soon as practicable.
- We will issue a 1099 for funds collected during the current tax year when the tax year ends.

Conclusion

We hope you have found the *PMI Owner Manual* informative and useful. If you feel there is any other information we can provide, please let us know so we can include it in the future.

Again, we want to thank you for your business and we look forward to a successful management relationship.