

The Backus Bulletin

"Your Management, Your Way"

Effective Documentation!

April 2024

Today, when you buy or rent a property, the amount of paperwork required is often staggering. Once upon a time, an agreement to purchase or rent a property was one page, but now the basic agreement is multiple pages often accompanied by multiple disclosures or addendums.

In any area of the country, it is increasingly important in today's investment market that the rental documents can withstand legal action. Increased landlord/tenant disputes have promoted longer and more detailed agreements. The paperwork we use in our company is continually evolving and changing because we recognize the importance of keeping up with the changes in our industry. This is why we join professional organizations and attend seminars and workshops with our peers, so that we can obtain and implement the most current information and practices.

There are certain documents that are a necessity and the first is a comprehensive rental agreement, whether it is a lease or a month-to-month agreement. While most states still recognize a verbal agreement as legal between a

property owner and tenant, the majority require a written agreement for real estate/property management companies. Whether it is an individual or a professional property manager managing the property, an effective written agreement is the only sensible course of action.

Although rental agreements incorporate as much documentation as possible, there are certain issues that require necessary addendums to be included. Examples of addenda are mold, animal, and property condition. Legislation can require an addendum, such as lead-based paint for properties built prior to January 1, 1979. While some are standard, the physical attributes of the property can determine further documentation – for example, an addendum for septic.

Certain elements are necessary in rental documents to make them effective and here are some crucial ones.

The documents must be *legal*. The rental agreement must comply with current legislation – whether federal, state, or local. Written notices, the term of the agreement, amount of the security deposit and rent, habitability, and the right of the landlord to enter are just a few

examples that are normally determined by federal and state law. When new legislation occurs, it is vital to implement changes to the rental documentation immediately.

The documents should be *readable*. If an attorney is the only one who can understand the content because of complicated "legalese," it could create future tenant problems.

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Backus Properties

P.O. Box 1089
Salinas, CA 93902
(831) 455-2052
Fax: (831) 455-2087
mbackus@backuspm.com
backuspm.com



Backus Properties
P.O. Box 1089
Salinas, CA 93902
(831) 455-2052
Fax: (831) 455-2087

Contact us:

Sally Backus, MPM Broker	Bill Backus Associate Broker Sales
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Michele Backus Property Manager	Cindy Vargas Property Manager
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Jana Whitlock Property Manager	Mary Lynn Pinto Property Manager
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Daisy Puente Asst. Property Manager	Cyndie Scott Admin. Asst.
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Celeste Serrano Admin. Asst.	Sally Ann Mejia Bookkeeper
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Will Backus Admin. Asst.	Daniel Pinto Admin. Asst.
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Office Hours: Mon-Fri 9am-4:30pm
Saturday - by appointment

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ON-LINE STATEMENTS

Contact your property manager Michele Backus mbackus@backuspm.com or Cindy Vargas cvgargas@backuspm.com if you would like to receive online statements.

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incorporating the legal content into the rental agreement is a key issue, it is just as important that all parties can read and understand what they are signing. After all, it is a binding agreement between property owner and tenant.

Rental documents should *clearly define* the terms of the agreement. Examples are definition of landlord/owner and tenant, the property manager's authority, the financial obligations of the tenant, when funds are due, and whether it is a lease or month-to-month agreement.

The documents should include the accountability of all parties involved. It is necessary to include items such as compliance with local, state, and federal laws, use of premises, abandonment, assignment and sub-letting, maintenance, substance abuse, etc.

The owner and/or the owner's authorized agent and all tenants of legal age must sign the documents. If signatures are missing, it is not binding to those who do not sign.

Every year, more landlord/tenant issues will culminate in court decisions and new legislation, whether federal, state, or local. We regularly review our documents as it is our goal to stay in tune with current events and incorporate what is necessary into our rental documents so that we can provide the best possible management service to you.