



November, 2017

To our valued clients:

As this year comes to an end, we want to thank all of you for your continued support. Our job is a pleasure because our clients are accessible, reasonable, and appreciative. We thought this might be a good time to give you a summary of this year's activities.

Values, Rents: Real estate values have continued to go up in Monterey County. Rents appear to be flattening out but not declining. This is similar to what is happening in San Jose, which is our closest large market for comparison. However, as there is still effectively no housing construction in Monterey County, we expect rents to stay stable. We will continue to review the rent of each property annually and make appropriate increases. This is a virtual repeat of last year's information.

Rental process: Properties are continuing to rent very quickly. In compliance with every increasingly strict Fair Housing laws, we have revamped our application process. We are receiving fewer applications but generally more qualified. Our goal for turnaround of applications is three days. You may request a copy of our requirements at any time. Requirements can be changed for your property, provided they fall within the law. For Fair Housing reasons, owners are not generally consulted if the applicants meet the requirements.

Management Fees: Once again there will be **NO increase in management fees**. However, there will be some adjustments to other fees. In an attempt to equalize the charges to all owners we are making the following adjustments, effective January 1, 2018:

Annual administration fee: \$100 per property. Some owners have been paying \$50 per property while others have been paying \$150 per property. This will eliminate the difference. As you know, we do not charge for long distance calls, faxes, priority mail, extra copies of statements or bills, preparations of IRS forms, end of year statements, copies of 1099s, multiple emails, customized statements, mailed statements, etc.

Lease fee: we will no longer charge a lease fee when a new lease is signed. However, we will be instituting a leasing fee for commercial properties of 2% of annual rent for term of lease. This is a standard amount and charged by all other managers in the area.

Override on repairs: we will no longer charge a 10% override on certain repairs

Marketing fee: when a unit becomes vacant and is available for rent, there is a \$250.00 charge

Annual rental agreement extension: \$75. Includes reviewing the rent amount and comparing with comparable properties, advising the tenant of rent adjustment and change of rental terms.

Annual inspections: market rate with independent contractor, currently \$65.00. For those that had been paying a higher lease renewal or annual fee, this is the substitution.



Move out/move in inspection: done by an independent contractor, current cost \$120.00. Again an adjustment from lease fees and the annual administration fee.

Fee for mailed statements: no longer charged

Mailed copies of bills: no longer charged

Increase of minimum management fee for single family homes to \$120.00 per month.

Increase of minimum management fee for multi-units to \$85.00 per month.

The intent of these changes is not to cost anyone more money but to adjust the types of charges and amounts so that all owners pay comparable. Please call Sally directly if you have any concerns.

Bi-annual yard fertilizing, inspections: We are continuing the regular weed and feed on most of the properties we manage. At that time, pictures are taken of the yard for reference and recommendations are made for any trimming needed. About half of the time we are sending letters to the tenants because the pictures show mowing, watering or weeding is necessary. On single family homes, the shrubs and trees should be trimmed at least once a year. Gutters are cleaned on all properties every fall unless you notify us otherwise. Clean gutters are the least expensive way to maintain the roof and soffits.

Banking: As you may have noticed, we changed to a new bank in September. So far the results are very positive. We request all owners approve electronic transfer of their funds. If you are still receiving a check monthly, there will be an additional form in this envelope that we ask you sign and return. The owners that use the electronic transfer service are happy to get their funds up to one week earlier, because of the “snail mail” time avoided. Your funds are deposited directly into your account and the statement sent as usual. There is no additional cost for this service, but we may have to charge a premium in the future for mailed checks. Our checks now also expire after 90 days—so if you have any old checks out there, please get them cashed! If a check is not cashed within the 90 days, we are required to stop payment on the check and hold the funds in the owner account.

Software: In property management, if you are not looking ahead you are behind. In January we will be changing to new software, Appfolio, which should enable us to give you better reports and simplify the rent paying process. Those of you that were with Smith Realty are already familiar with Appfolio. Your statement in January will look different, but just give us a call if you need help understanding what it says. After January, owners will have the ability to go to their “owner portal” to see reports and additional information on their property including copies of invoices. There will be more information with your January statement.

If the security deposits on your units have been included with your end of the month balance in the past, they will no longer be included in January but held in a separate ledger as required by BRE regulations. To ease your mind, we will include a second type of statement that will show those funds in January, and any other month you request.



On-line statements: The new software has a different format for your monthly statements. You will be setting up an “owner portal” that you can access at any time. You will be getting more information as to the process for setup and monthly access in plenty of time for your January statement.

Vendor costs: Several owners have mentioned in the last few months that costs for maintenance have increased. This is absolutely true! It is amazing how stable maintenance costs have been for the last ten years or so, but we are seeing rates rise, just as rents have risen. We do not guarantee the work will be as inexpensive as possible, but we do guarantee that the vendors are licensed, with insurance as needed, prompt with work, polite to tenants, rates are reasonable for the skill required, and guarantee their work. If you are interested, ask for a copy of our vendor guidelines—we think you will be impressed.

Report Card: We are the largest management company in Monterey County for single family homes. One of the reasons for that success is that we collected 99% of rent owed this last year. We evicted two tenants for non-payment of rent, and two tenants for other issues. The average vacancy time for properties available for rent remains at about two weeks, which is an all-time low. The average length of tenancy has increased over the last six years from 20 months to over four and one half years, mostly because there is nowhere to move to.

Small Claims: Thanks to our new method of responding to disputes, the number of tenants suing because of disagreement with their Deposit Refund Statement has decreased this past year to zero. As a reminder, we will notify you of any small claims suit. It will be your decision to settle the account or go forward at a cost of \$150 per hour. Please remember we are not attorneys, but are willing to represent you to the best of our abilities; no promises are made!

Marketing: More of the properties are being rented from our various web sites and linked websites. Our website is constantly being revised and has more information available for both owners and prospective tenants. We now have a property search feature for property rentals and properties for sale on our website at backuspm.com. Our website is currently the number one listed site for Property Rentals in our area. Every available rental is listed, along with pictures and appropriate information. Why don't you check it out? Our \$250 marketing fee covers all internet advertising. The marketing fee is now a one-time fee, whether or not the property rents in the first month. We were able to make this change because properties seldom take more than a month to rent.

Continuing Education: Bill, Sally, Cindy, Michele and Fred are active members of the National Association of Residential Property Managers (NARPM.) We attend local, regional and national conferences to be on top of any law changes, improve our management skills and learn about new techniques and software that can improve our performance. Sally was a certified National Instructor for NARPM for eight years and has useful contacts all over the United States, should you need a referral in another area.

BACKUS PROPERTIES

A California Corporation

Office Location: Our physical address is 19000 Portola Drive, Suite 107, off Highway 68. Our office in Monterey at 887 Abrego St., Monterey, is open by appointment. We do not get mail at either physical location due to security reasons.

Phone numbers: Our primary phone number is 831-455-2052. We have discontinued some old numbers, so make sure this one is on your list.

Holiday Hours: As usual we will officially be closing the office on the 22nd to do the necessary end of year reports, auditing, 1099s, etc. We are actually here in the office and return calls quickly.

Sales: As you know, we can handle selling your property or help you purchase a new one. Bill supervises and handles that part of the business. A number of our owners have elected to sell their properties this past year and Bill has a 100% success rate. We can handle “short sales” as well, so if you are having problems making your mortgage payments, please contact us as soon as possible so that we can help you to make the best decision.

Why is Backus Properties your best choice for selling your property?

1. We know the property. The description and disclosures will be thorough and accurate.
2. Transition will be smooth because we have a relationship with the tenant.
3. Backus Properties has a top reputation in the community for working with other agents. We are accessible, fair and pleasant.
4. The relationship and trust already established with our clients assures that the transaction will be smooth and quick.

Do remember: it can be a terrific time to buy another investment property, and we can help you with this too.

Please indicate on the questionnaire on page 4 if you are interested in any of these services. Thank you again for your business, and we look forward to serving you again in 2017.

Best regards,

Sally Backus, MPM® Broker
Bill Backus, Associate Broker, Senior Property Manager
Cindy Vargas, Licensed Real Estate Agent, Property Manager



Please complete the following questionnaire if you have any changes or interest in any of the new services.

Name	
Mailing address	_____ _____ _____
Home phone	
Cell phone	
Email address	
Are you interested in on-line statements?	
Are you interested in the automatic deposit of your funds?	
Are you interested in possibly selling your property?	
Do you have any suggestions for improvement in our services?	

Thank you for your time!