

# The Backus Bulletin

*"Your Management, Your Way"*

## BROKER'S UPDATE

February 2019

This time of year I try to recap new laws that have gone into effect and put you in the loop for possible upcoming legislation. In Oregon, the legislature meets only every other year, but in California they never stop!

**Good news:** regarding the change in federal income tax rules that went into effect January 1, 2018: it looks like rental income will qualify under the "20% deduction for business income" rules. Make sure and check with your CPA.

**Garages without man doors (garage doors only.):** New openers sold must have a battery backup so that garage doors can still be opened with a remote if electricity goes out. No need to change existing opener.

**Balcony inspections:** Buildings with three or more units and balconies six or more feet off the ground must be inspected for safety by a qualified expert (architect, structural or civil engineer or general contractor) by 1/1/25 and every six years thereafter. On condominiums, this may or may not be the responsibility of the HOA. We will start the inspections soon, as potential liability could accrue even if the law has not gone into effect.

**Vehicle charging outlet:** owners must allow tenants to install plugs (by a professional) at tenant expense. Owner may require they remain at termination of tenancy.

**Illegal cannabis growing:** Landlord can be fined if marijuana is illegally grown on property, but must have reasonable time to correct the situation prior to fine. FYI: our lease does not allow growing of marijuana in any case.

**Timing on three day notices:** As of January 1, 2019, only business days to be counted on such notices to tenants. In the past, calendar days were used.

**In consideration this year:**

**"Pet" verses "assistance animal":** it looks like the legislature will be addressing this issue, better defining the requirements for an assistance animal. This will be a huge help in declining applications that we feel are not genuine assistance animals. As you know, we cannot decline an application (on a "no pet" property) because the applicant has an assistance animal. If they are legitimate, no extra deposit can be required but they are still required to sign a "Animal Addendum." Note this is not called a "Pet Addendum" for that reason.

**Fido Score:** There is a new resource for approving an application with a pet. This is still in the trial basis, but prospective tenants will be required to submit the information on their pet to "petscreening.com" that will verify information and give the pet a score.

We can then use that score to accept or decline the application.

**Heads up:** Is your rental in a rural, bushy hillside area? If so, pay attention when your fire insurance renewal comes, usually 60-90 days before expiration. Because of the devastating fires in northern California, certain companies are pulling out of that market or very significantly increasing the rates. If you get a cancellation notice—don't panic. Call your Property Manager and we can give you some suggested alternatives. Worst case scenario, coverage is available under the California "Fair" program. Not ideal, but doable. I am still shopping for a new policy for our home, so should know which companies might be able to write the policy by the time you call!

**On the horizon:** As you all know, Proposition 60 regarding potential rent control failed by a large margin in November. I do not think that issue will be re-introduced this year but they are talking about coming at

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## Backus Properties

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**Office Hours:** Mon-Fri 9am-4:30pm  
 Saturday - by appointment  
 Sundays & Holidays - closed

## Announcements & Services

### WHAT CAN WE DO TO MAKE OWNING A RENTAL PROPERTY EASIER FOR YOU?

We won't know unless you tell us! Don't forget we have an "Eviction Protection" plan for \$20.00 per month that covers the \$1,000-\$1500 attorney fees if you have to evict a tenant. We also have "Rent Protection" at 2% additional management fee that means we will pay the rent if the tenant does not pay on time or not at all. Call or email our office: [info@backuspm.com](mailto:info@backuspm.com) or 831-455-2052.

### THINKING OF BUYING OR SELLING?

If you are thinking of buying or selling, we can assist you. We specialize in residential and multi-residential units and are experienced in conventional sales, purchases as well as short sales. Just call and ask for Bill and we will help you with your Real Estate needs. There is no obligation. Check out your property value today!

### ON-LINE STATEMENTS

Contact our office or e-mail our office at [info@backuspm.com](mailto:info@backuspm.com) to sign up or for further information.

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it from a different direction. There are states that maximize the amount of increase of rent you can do each year. When that is the case, you cannot not raise the rent more than that amount, even at turnover. The most frequent amount used is 5%. As long as your rents are at market, it is not generally a hardship because rents generally don't raise more than 5% a year on a long term basis. The problem is only if you do not have your rents to market when it starts. This could also strongly affect the marketability of your multiunit building if you decide to sell. **So—don't try to talk you Property Manager into keeping your rents artificially low.** That could really turn out to bite you.



Please give me a call or email with any questions on these issues. Sally