



OWNER HANDBOOK

25350 Magic Mountain Parkway Ste 300 • Valencia, CA 91355
(661) 459-6402 • www.SouthlandPM.com • info@SouthlandPM.com

Getting Started

At Southland Property Management LLC, our job is to ensure your property generates income while you remain hands-off. We will meet with you to assess your property, take advertising photos, evaluate any rent-ready maintenance needs, and gather essential information for marketing. If you're unavailable to meet, we can arrange the visit without you.

Required Items:

- **Keys:** Provide 4 copies of entry keys and 2 copies of any other necessary keys (mail, pool, gate, etc.). Additionally, provide 2 garage remotes and/or 2 gate openers (if applicable).
- **HOA (if applicable):** Provide the Rules & Regulations document.
- **Photos & 3D Virtual Tour:** Ensure the property is clean and clutter-free for marketing purposes.
- **Rent-Ready Maintenance:** We can provide estimates for repairs, painting, carpet cleaning, or remodeling. You are never required to use our vendors, but they offer quality work at competitive prices and complete tasks faster than most contractors.

Getting Your Property on the Market

After our initial visit, we will conduct a market analysis and provide rental comparables to help you set the price. Additionally, you'll need to decide on the earliest move-in date.

Key Considerations:

- **Price:** The monthly rental rate is crucial for leasing. Overpricing reduces interest and showings. Rental rates fluctuate based on market conditions.
- **Property Condition:** Ensuring appliances, HVAC, windows, doors, and locks are functional, and the home is clean maximizes rental value and minimizes time on the market. A fresh coat of paint and clean carpets significantly enhance appeal.
- **Utilities:** Keep utilities in your name when the property is vacant. We will ensure tenant-responsible utilities are transferred upon move-in.
- **Communication:** We arrange showings and interact with potential tenants. You will receive weekly updates, and we are available to answer any questions. We want to make sure your communication needs are met so please let us know if you need more than a once-a-week update. Don't hesitate to give us a call!
- **Owner Portal Access:** You will receive an email to access your online Owner Portal, where you can view work orders, lease documents, and financial statements. Let us know if you need help logging in.

How Our Office is Organized

We have a structured team dedicated to addressing your property's needs:

- **Senior Property Manager:** Your main point of contact.
- **Property Manager:** The primary contact for the tenant.
- **Maintenance Coordinator:** Coordinates maintenance between the owner, tenant, and vendors.
- **Office & Accounting Department:** Handles rent collection, bill payments, lease renewals, and financial statements. Office hours are Monday - Friday, 9 AM - 4 PM, with after-hours showings and a 24/7 maintenance hotline for emergencies.

Screening & Leasing

Once the property is rent-ready, we begin marketing and showing it.

Advertising Plan:

- We list your property on top rental websites and generate leads internally through our large volume of leasing activity.
- We ensure the home is in **showing condition** before advertising.
- Rental pricing is a critical component to this process. We will pull rental 'comps' of recently rented properties and suggest a market rental price and together we will decide on a price for your property. We want to price the rental as high as possible while still driving enough traffic to get enough showings to fill the vacancy.

Finding that balance or sweet spot is what we do. Please note that the best renters get the lowest prices, and the worst renters get the highest prices (when people have poor credit they end up renting from desperate landlords that are overpriced and have been on the market for a long time with little or no prospects; so the desperate end up with the desperate and the dysfunctionality ensues).

Plus, you lose money each day the property is vacant. It's best practice to fill a rental quickly, then increase rents incrementally each year at lease renewal. Each week we review the activity level of potential tenants at your property. We can know from the first week of marketing if the asking price is too high based on activity levels. We usually want to see 10-12 leads and 5-6 showings a week.

If the activity is any lower than this then we suggest a weekly price drop until we get the right amount of showings to fill your vacancy. Please also note that renters typically do not negotiate with landlords on price. Pricing your property high with the intention to negotiate to a lower price is a bad strategy and does not work.

Our advertising is proven to work as evidenced by the number of leases we do each year. Your Senior Property Manager will guide and advise you every step of the way. It is very

common for us to have a signed lease within two weeks of being on the market. Remember, the speed of your leasing and getting a quality tenant is way more important than getting the highest possible rent.

Pets

Allowing pets significantly increases interest from potential renters. According to Apartments.com, 75% of renters have pets, making pet-friendly properties more attractive and easier to lease. We strongly recommend allowing pets to help fill vacancies faster. If you choose to permit a pet, we require an additional \$250 security deposit from the tenant.

Appliances

Including appliances such as a refrigerator and washer/dryer can expedite the leasing process, though it is not mandatory. However, if your property requires non-standard or custom-sized appliances (e.g., a stackable or one-piece washer/dryer unit), we recommend including them to avoid complications for potential tenants.

Showings

Successful showings are essential to securing a quality tenant. Southland Property Management exclusively conducts agent-accompanied showings, ensuring that all potential renters receive professional guidance, have their questions answered in real-time, and are encouraged to apply on the spot. Appointments are scheduled through a dedicated Calendly site, allowing prospective tenants to book showings at their convenience.

Owner-Occupied Properties

If you are still living in the property during the leasing process, we will coordinate showings through our leasing agent. While it is not ideal to show an occupied home, we are happy to accommodate this scenario. We ask that you remain flexible with same-day showing requests and keep the home in show-ready condition at all times, as potential tenants may request viewings with little notice.

Additionally, it is crucial to provide us with a definitive move-in date so we can set accurate expectations with prospective tenants.

Tenant-Occupied Properties

When a current tenant has given notice to vacate, we will coordinate showings with them directly. While we legally have the right to enter the property for scheduled showings, some tenants may be uncooperative, making scheduling difficult. Please note that while we do have the right to enter the property for a showing without the tenant's cooperation in many cases some tenants can make it very difficult by canceling and not cleaning.

We strive to work respectfully yet persistently with the outgoing tenant to ensure the property is shown to prospective renters, balancing professionalism with the need to minimize vacancy time.

Tenant Screening:

Securing a **high-quality tenant** who will **pay rent on time and take care of your property** is the most important decision you'll make as a landlord. As with most things in life, **starting the process correctly increases the likelihood of long-term success**. Our goal is to place the **best possible tenant** in your property, ensuring a positive rental experience for both you and us. After all, **what benefits you, benefits us**—a well-qualified tenant leads to fewer issues, better property care, and a smoother management experience.

We are experts at screening tenant applications and keep you compliant with state and federal fair housing laws. Please consider the following:

HUD Compliance & Tenant Selection

We strictly adhere to all Federal and State Fair Housing Laws throughout the tenant selection process, ensuring full compliance and protecting you from potential legal issues.

Tenant Selection Criteria

To ensure fairness and consistency, we use predefined selection criteria in accordance with Equal Housing laws. Applicants who meet the following criteria qualify for approval:

Credit Score: 620 or higher

Criminal History: No violent crimes

Eviction History: No prior evictions

Income Requirement: At least three times the monthly rent

Employment History: Minimum of two years

Rental History: Clean record with no significant issues

It is critical to understand that if a tenant meets these criteria, they must be approved. Denying a qualified applicant could result in an Equal Housing and discrimination lawsuit. If you choose not to accept an approved applicant, we will be unable to continue representing you, as compliance with fair housing laws is a non-negotiable legal requirement.

Exceptions & Additional Security Deposits

In some cases, we may recommend an applicant who does not meet all the criteria but whom we believe is a reasonable risk. In such instances, we will provide our reasoning and present the file for your approval. If you are not comfortable, you may deny the application.

If you do choose to approve an applicant who does not meet all criteria, we require additional financial security, including:

Pet Approvals: Your approval is required for any applicant with a pet

Pet Fees: A \$25 monthly pet rent and an additional \$250 pet deposit

Meeting the Applicant

We strongly discourage property owners from meeting applicants. As your property management team, our role is to act as a professional buffer, maintaining a clear distinction between landlord and tenant. Keeping this separation ensures a smoother and more enjoyable rental experience for you.

Lease Signing & Move-In

Once an application is approved, we prepare the lease, collect the security deposit, and conduct a **move-in inspection** with photos documenting the property's condition.

- **Security Deposits:** We collect a security deposit that is competitive in the marketplace; this is typically equal to one month's rent. The security deposit is the tenant's money and we place it in a non-interest bearing trust account for the duration of the lease.
- **Move-in Inspection:** Prior to move in, we will perform an inspection and take pictures to record the condition of the rental. We will provide you with a copy of the report. Any outstanding maintenance found at that time will be treated like an emergency in order to complete work prior to move-in.
- **Tenants are customers of the property:** We understand that the tenants are your customers, and we want to ensure a smooth move-in during this stressful time. The condition of the property at move-in sets the tone for how we want the property to be treated.
- **Move-In Day:** The tenant picks up keys and pays the first month's rent via certified funds. We review lease expectations to ensure a smooth move-in experience.

Ongoing Property Management

After the tenant moves in, here's what to expect as we manage your property.

Payments & Accounting

- Rent is due on the 1st of each month.
- Owner distributions (rent payments) are typically sent between the 11th-15th, after the tenant's payment is cleared through the bank and any expenses are deducted.
- **Tenant Relations:** The tenant is your customer and treating them fairly ensures longer tenancy and better property care.
- **Communication:** We act as the buffer between you and the tenant to eliminate headaches associated with direct landlord-tenant interactions.

Accounting

The Office & Accounting Department handles rent collection, property bill payments, lease renewals, accounting, and financial statements.

Statements

Your portal account will show all rental income received and details of any expenses. Maintenance costs and management fees will be deducted from the rental income. Each January, a summary statement covering the entire year will be provided.

1099 Information

1099s are issued annually each January for tax purposes. The social security number or tax ID associated with the payments will receive the 1099 and be responsible for tax implications. Ensure that the appropriate name and SSN/Tax ID are associated with your disbursement.

Out-of-State/Country Property Owners

California law requires management companies to withhold 7% of rents for out-of-state owners. Some owners may qualify for a waiver or reduced withholding if they have filed California tax returns in the past two years. Contact us for details if you reside outside of California.

Online Owner Portal

The Owner Portal provides access to statements, lease agreements, and important documents. It also allows owner contributions. Once you execute a Property Management Agreement, you will receive login credentials via email. For login assistance, contact our office.

Maintenance

Property Maintenance

Successful rental owners maintain their properties and address maintenance needs promptly. We prioritize cost-effective, high-quality work with licensed and insured vendors to minimize risk.

Tenant Maintenance Requests

Residents submit maintenance requests via the Tenant Portal. Emergency requests can be made via our 24/7 Maintenance Hotline. Work orders are created for each request and can be viewed in the Owner Portal.

- **Repairs under \$500:** Automatically scheduled and completed.
- **Repairs over \$500:** Require owner approval (except for emergencies).

Emergencies

California law mandates landlords to maintain habitable conditions. Essential services such as heat, water, sewage, electricity, necessary appliances, and safety issues require immediate attention and are addressed immediately. Our maintenance system is set up to immediately address emergency needs that occur outside of business hours. The goal is to do the repair quickly to protect your property and keep your tenant happy. We also try to protect you from habitability issues that require a rent reimbursement to the tenant. We'll contact you the next business day if there's an emergency that needs to be addressed after hours.

Essential vs. Non-Essential Maintenance

We address repairs affecting property usability. Appliances or amenities included in the lease must remain functional. Cosmetic repairs are submitted for owner review.

Pricing

General maintenance labor costs typically range from \$75-\$150 per hour, plus materials. Specialized trades like HVAC, plumbing, and electrical may have higher rates. Vendor pricing, not Southland Property Management, determines the final cost.

Tenant Responsibility for Repairs

Tenant-caused damages (e.g., drain clogs) are initially covered by the owner and then charged to the tenant. Law enforcement is not used to gain access for repairs.

Lease Renewal

Renewal Process

Leases should be renewed annually. Our trained team will contact you prior to the lease end date to discuss the renewal details. It's best practice to increase the rent each year. Please note that we cannot force the tenants to renew for another year lease agreement. Our approach is to complete a rental analysis and if the market will bear, do a slight increase for a year lease, we do not recommend Month-to-month agreements.

Property Evaluations

Evaluation Schedule

Depending on your Management Agreement, properties receive in-person evaluations every 6-8 months. Evaluations assess property condition and lease compliance (e.g., smoking, pets). Reports are available in the Owner Portal.

- If no issues are found, owners will not be contacted.
- Tenants may refuse entry; we do not force access.

Evictions & Violations

Unpaid Rent & Evictions

If rent is unpaid, a "3-day notice" is posted, and owners are notified. If unpaid after three days, eviction options are discussed. Legal costs start at \$800, with additional attorney fees if contested. Evictions typically take 30-60 days.

Eviction Protection Plan

Owners enrolled in this plan receive up to \$5,000 in legal fee coverage. The plan does not apply to tenants in place at the start of management services for the first 180 days.

Lease Violations

We will address lease violations with the tenant as they occur, but please be aware that lawful remedies are very limited. If a tenant is not keeping the rules of the lease we post a notice to cure, but typically the best approach includes a conversation. Please be aware that fixing a violation can often take some time.

HOA Violations

It is not uncommon for HOA's to issue violation notices for various reasons. Please forward any notices to our office when you receive them so we can address the violation with the tenant directly. Per the lease agreement, the tenants are responsible for following all applicable rules and restrictions within the community and are responsible for any violation fees associated with their actions.

Insurance

Property Insurance

Landlords should update their homeowner's policy to a "Landlord's Policy" upon moving out of their primary residence and ensure that Southland Property Management LLC is named as additionally insured.

Tenant Liability Insurance

Tenants are required to have tenant liability or renter's insurance, covering damages like fire, smoke, and flooding.

Home Warranty

If you have a home warranty insurance policy, we will coordinate between the tenant and your home warranty company for covered repairs. However, it is important to understand that home warranty companies often have limited coverage, extended wait times, and inconsistent service quality. Repairs may not always be fully covered, and delays in service can cause frustration for both landlords and tenants. Due to these challenges, we do not recommend home warranties. Additionally, home warranties cannot be used for after-hours emergencies, as they do not operate with the urgency required for immediate repairs. Our after-hours maintenance process ensures that emergencies are handled promptly by our trusted maintenance team, providing fast and reliable service to protect your property.

Tenant Move-Outs

Utility Transfers

Before move-out, owners should schedule utility transfers to ensure uninterrupted service for maintenance and showings.

Marketing for New Tenants

We aim to market the property for a new tenant while the current tenant is still in place. The lease agreement permits showings during occupancy; however, the success of this approach depends largely on the tenant's cooperation. Maintaining a professional and courteous relationship with the tenant helps navigate this delicate situation effectively. For successful marketing, the property must be clean, well-maintained, and free of excessive clutter. If the tenant repeatedly denies entry or the home is not in suitable condition for showings, we may need to wait until they vacate before listing the property. Rest assured; we specialize in securing quality tenants quickly. For further details on the leasing process, please refer to the Leasing Section of the Owner's Manual.

Move-Out Inspection

Please be advised that California law requires landlords to offer tenants a pre-move-out inspection before the end of their lease. This inspection allows both landlord and tenant to assess the condition of the property and gives you the opportunity to address any potential damages or cleaning issues before you move out. Pre-move-out inspections allow renters to take corrective action and possibly avoid deductions from their security deposit.

After they have vacated the property, we will conduct a move-out inspection. This inspection will be compared to the move-in inspection to determine any damages that will be charged to the tenant. Some damages may be deducted from your security deposit, while other necessary repairs to make the unit rent-ready will be the responsibility of the property owner.

Security deposit - The security deposit can be used to pay for tenant caused damage that is not considered normal wear & tear . After the move-out inspection, we will send you a list of the repairs needed with a breakdown of what should be covered by the tenant's security deposit. We are required to arrange the itemization letter and refund of the security deposit within 21 days after move-out.

Owner holding the deposit: It's our policy to hold the security deposit, but if the property owner is in possession of the security deposit we will arrange for you to send the itemization letter and refund.

Tenant unpaid balances: In the case there is any unpaid rent that cannot be recovered from the security deposit, the unpaid balance is placed to a collection agency that will attempt recovery for a fee.

Tenant damage responsibilities - The State of California will only allow the security deposit to be used for clear cases of tenant-caused damage. Normal wear & tear is common and you should expect to pay some expenses when a tenant moves out. It's common for there to be wear on the carpet, paint, window coverings, and cabinets. Tenants are responsible to clean the property and carpets to the same level at move-in, less normal wear & tear. Please follow our guidance to avoid a legal issue. It is common for past tenants to file a small claims suit against you. Property owners almost always lose in court and can be forced to pay up to twice the deposit amount. Please see the section below for the Security Deposit Deduction Policy.

Security Deposit Deduction Policy

Landlords have 21 days to either refund the full deposit or provide an itemized statement of deductions. Deductions are only allowed for unpaid rent, cleaning to original move-in condition, tenant-caused damage, and lease-agreed restorations.

Security Deposit Deductions Policy

Per the California Consumer Affairs guidelines for tenant/landlord rights & responsibilities, the following is our policy for handling tenant security deposit deductions. California law gives the landlord 21 days to either:

1. Send the tenant a full refund of their security deposit,
2. Or mail or personally deliver to the tenant an itemized statement that lists the amounts of any deductions from their security deposit and the reasons for the deductions, together with a refund of any amounts not deducted.

California law specifically allows the landlord to use a tenant's security deposit for four purposes:

1. For unpaid rent;
2. For cleaning the rental unit when the tenant moves out, but only to make the unit as clean as it was when the tenant first moved in;
3. For repair of damages, other than normal wear and tear, caused by the tenant or the tenant's guests;
4. If the lease or rental agreement allows it, for the cost of restoring or replacing furniture, furnishings, or other items of personal property (including keys), other than because of normal wear and tear.

Below is a list of guidelines to help us determine damages for security deposit refunds.

Cleaning - A landlord may properly deduct from the departing tenant's security deposit to make the rental unit as clean as it was when the tenant moved in.

Reasonable cleaning costs would include general house cleaning, cleaning the stove & oven, removing soap scum & mildew in bathrooms, cleaning the refrigerator, cleaning floors, wiping down windowsills and baseboards, professionally cleaning the carpet. But the landlord could not

charge for cleaning any of these conditions if they existed at the time that the departing tenant moved in.

In addition, the landlord could not charge for the cumulative effects of wear and tear. Suppose, for example, that the tenant had cleaned the shower, but it remained dingy because of hard water stains and build up over the years. The landlord could not charge the tenant for additional cleaning. The landlord is allowed to deduct from the tenant's security deposit only the reasonable cost of cleaning the rental unit. For more information see below our Security Deposit Refund Method.

Repainting walls - Minor scuffs, scratches, and discoloration are considered normal wear and tear. The recommended approach given by the California Department of Consumer Affairs for determining the amount that the landlord can deduct from the tenant's security deposit for repainting, when repainting is necessary, is based on the length of the tenant's stay in the rental unit. See below "Security Deposit Refund Method" for the approach to calculate security deposit deductions for paint damage.

Other damage to walls - Generally, minor marks or nicks in walls are the landlord's responsibility as normal wear and tear (for example, worn paint caused by a sofa against the wall). Therefore, the tenant should not be charged for such marks or nicks. Wall damage includes unremoved nails & hardware, drywall anchors, TV mounts, holes that require patching and painting, etc. Any patch/paint work performed by the tenant or tenant's vendor that does not match the current wall is also considered damage. Wall damage will result in a deduction from the security deposit.

Carpet and flooring - Normal wear and tear to carpets and flooring cannot be charged against a tenant's security deposit. Normal wear and tear includes simple wearing down of carpet and flooring because of normal use or aging, and includes moderate dirt or spotting. In contrast, large rips or permanent stains justify a deduction from the tenant's security deposit for repairing the carpet or floors or replacing them if that is reasonably necessary. See below "Security Deposit Refund Method" for the approach to calculate security deposit deductions for carpet and flooring damage.

Windows - Damage to windows is relatively easy to determine. If the window was cracked or broken during the tenant's stay while in the care of the tenant then the broken window is the responsibility of the tenant and not the owner. If a guest or neighbor broke the window, it is still the tenant's responsibility to replace it. If the tenant wants to recoup their money spent on the window they must seek it from the neighbor. Wear and tear to windows, opening and closing and locking and unlocking is the responsibility of the Landlord. So, if the lock stops functioning due to use the tenant is not responsible.

Window Coverings - Window coverings life span can range from less than 1 year to 5 years depending on the quality of the covering provided. Typically, window coverings where the mechanisms fail due to use are the responsibility of the landlord. Tenants are responsible for broken or missing items blinds, broken or missing wands, torn curtains, stains, etc.

Screens - Screens are typically the tenant's responsibility, either they are in good condition or they have been damaged. If the screens provided were intact without holes and after the tenant leaves they are torn or have holes in them, the tenant will be charged to replace the damaged screens.

Landscaping - Depending on your lease, the tenant or the owner will be responsible for maintaining the landscaping. Most leases state that the tenant is responsible for the watering of the landscaping. Most leases state that the owner is responsible for the maintenance of the landscaping. The tenant is responsible for making sure plants and lawns do not die from lack of water. If any vegetation dies because of lack of water this would be considered damage and the tenant could be charged to replace the vegetation. If pets or people tear up or destroy parts of the landscaping, the tenants would be responsible for this damage. If sprinklers are broken or missing, the tenant will be held responsible.

Yards and amenities - Yards can come with many features, such as patios, lighting, fountains, BBQs, outdoor kitchens, pools, etc. If the functionality fails in the process of normal use then the repairs and maintenance is the responsibility of the landlord. If something breaks because of an accident, misuse, or negligence, then the tenant is responsible for the cost of the repair. The remaining life of the item should be factored in similar to carpet and paint. A ten year old BBQ will not be measured the same as a year old BBQ.

Pool - Pool maintenance is typically done by a service provider paid by the landlord. If tenant does not allow proper access free of pets, tenant may be responsible for maintenance issues for not providing proper access. Tenants can also be held responsible for pool maintenance if they change the pool settings and run times without permission.

Appliances, fixtures, furniture, other personal items - Missing or removed items will be considered damage. The cost to replace like-for-like will be charged against the tenant's security deposit. Damage to appliances, fixtures, furniture, or other items will be determined by the cost to repair the damaged item. If the landlord chooses to replace the item, they can only charge the tenant the cost of the repair.

Pets - Damage caused by pets like odors, pet hair, urine, chewed areas or fixtures, damaged landscaping and sprinklers, fleas, and any other pet related damage will be deducted from the tenant's security deposit.