

What's Actually in an East Bay Property Management Agreement (And What to Ask Before You Sign)



Most owners read exactly one number before signing with a property manager: the percentage. The management agreement itself usually runs longer than the lease it's meant to protect — and it's where disputes actually start when something goes wrong.

A typical AEBP onboarding packet for a single-family rental runs nine documents beyond the fee. Some are state-mandated disclosures every California property manager has to provide, regardless of who you hire. A few are decisions specific to you — how much AEBP can spend without calling first, whether utilities stay in your name or ours, what happens to your rental

income if you don't live in California.

Here's what's actually in that packet, in plain language, and the handful of places new owners most often sign without reading closely.

In Short: What's in a Property Management Agreement?

Beyond the core Property Management Agreement, AEBP's standard onboarding packet for a single-family rental includes eight supporting documents: an addendum covering property-specific details, a direct-deposit authorization, a utility continuity agreement, an e-communications consent, a tax withholding election, state-mandated owner and fair-housing disclosures, and a risk disclosure. The three owners most often skim past — the spending-approval threshold, the tax withholding election, and the risk disclosure — are the ones worth reading twice.

Key Facts: What's In the Packet

Document	What it covers
Property Management Agreement (C.A.R. Form PMA)	The core contract — authority granted to AEBP, compensation, spending limits, trust account rules, termination terms
PMA Addendum	Property-specific details AEBP needs beyond the base agreement
ACH Authorization	Routes your monthly owner proceeds by direct deposit instead of a mailed check

Document	What it covers
PG&E Continuous Service Agreement	Keeps utility service active during the gap between one tenant moving out and the next moving in
Electronic Communications Authorization	Your consent to email and portal-based communication instead of paper mail
CA Tax Withholding Election	Determines whether AEBP withholds 7% of your rental income for the Franchise Tax Board — depends on residency status
Rental Property Owner Advisory & Disclosure	State-mandated: your rights and obligations as an owner, plus known material facts about the property itself
Fair Housing & CCPA Advisories	State-mandated notices — required for every California property manager, not AEBP-specific
Owner Risk Disclosure	AEBP's own written acknowledgment that property ownership carries financial risk no property manager can eliminate

Watch: What's Actually in the Agreement

The rest of this guide covers every document in detail below. If you'd rather watch the three-minute version first, here it is.

[What's Actually in an East Bay Property Management Agreement](#)

Video Transcript

Most landlords read exactly one number before they sign with a property manager: the fee. The agreement itself usually runs longer than the lease it's meant to protect — and it's where disputes actually start when something goes wrong.

A typical onboarding packet runs nine documents beyond the fee. Some document legal compliance issues, some are standard forms used industry-wide, and some are AEBP's own procedure. A few are decisions specific to you.

Here's the one most owners skim past: the spending-approval clause. It sets two dollar thresholds — one for any single expense, one for total spending during a vacancy turnover. Below that number, your property manager can act without calling first. Above it, they need your approval, except in a genuine emergency. That threshold is something you're setting, not boilerplate language. Set it too low, and you get called about a furnace filter. Set it without thinking it through, and a bigger repair happens before you hear about it.

Here's one almost nobody expects: if you don't live in California, state law requires your property manager to withhold seven percent of your rental income once it crosses fifteen hundred dollars a year, and send it to the Franchise Tax Board. That's not a company policy — it's California Revenue and Taxation Code section eighteen-six-sixty-two, and it applies no matter who manages your property. And it's not seven percent of your total rent — the manager deducts the management fee first, then withholds seven percent of what's actually sent to you. On thirty-four hundred dollars in rent with a seven-and-a-half percent fee, that works out to seven percent of thirty-one forty-five — two hundred twenty dollars and fifteen cents, not seven percent of the full rent. You can avoid the withholding entirely with the right exemption or waiver form, but leaving that form blank doesn't opt you out. It just means standard withholding applies by default.

Before we start managing a property, we ask every new owner to sign a written risk disclosure. It's not there to scare anyone off. It states plainly that we can't guarantee financial performance, tenant behavior, or uninterrupted rental income — because nobody can. As part of that same disclosure, we ask owners to confirm they're holding a reserve of at

least three months' rent per property. That's our guideline, not California law — but it's the most common gap we see when a vacancy or a big repair catches an owner off guard. Not that the expense happened. That there was nothing set aside to absorb it.

So before you sign with any property manager — us included — ask where trust funds are held and in what order they're disbursed. Ask what the actual termination notice period is. And if you don't live in California, ask whether they've even mentioned the withholding requirement, because a manager who skips it isn't doing you a favor.

All East Bay Properties. [Link below](#) for the full written guide and the complete document checklist.

What You're Actually Authorizing

The Property Management Agreement grants AEBP specific authority, not blanket control. It covers advertising and listing the property, signing and renewing leases, collecting rent and security deposits, serving legally required notices and coordinating evictions when necessary, arranging maintenance and repairs through licensed vendors, and paying property expenses from funds AEBP holds in trust on your behalf.

The Spending-Approval Clause

The agreement sets two dollar thresholds you agree on with AEBP: one for any single expense, and one for total spending during a vacancy turnover. Below that threshold, AEBP can act without calling first. Above it, the agreement requires your prior approval — except in a genuine emergency (protecting the property from damage, preventing injury, restoring a required service, or avoiding a fine), where both the law and the agreement allow AEBP to act first and explain after.

This is the field new owners most often leave unexamined, treating it as boilerplate rather than a number they're actually setting. Set it too low and you'll get called about a furnace

filter. Set it without thinking it through and a bigger repair can happen before you hear about it.

Trust Funds and Disbursement Order

Funds collected on your behalf are held in a trust account separate from AEBP's own operating accounts — a requirement of California real estate law, not a company policy choice. When funds are disbursed, they follow a fixed order: management compensation first, then other approved operating expenses, then reserves and security deposits, with the balance remitted to you.

Termination

Either party can end the ongoing relationship on 30 days' written notice — consistent with AEBP's no-cancellation-penalty policy described on our [fee structure page](#).

The Tax Withholding Election Out-of-State Owners Often Miss

California law (Revenue and Taxation Code §18662) requires withholding 7% of gross rental income over \$1,500 per year for owners who aren't California residents, and remitting it to the Franchise Tax Board. This isn't an AEBP policy — it's a state withholding requirement that applies no matter which property manager you use.

The onboarding packet asks every new owner to choose one of four paths:

- **California resident who files state taxes here:** complete FTB Form 590 (Withholding Exemption Certificate) — no withholding applies.
- **Nonresident with a current FTB waiver already on file:** provide the Waiver Determination Notice — no withholding applies.

- **Nonresident who wants AEBP to request a waiver on their behalf:** complete IRS Form W-9; AEBP submits the waiver request. Standard withholding may still apply until the waiver is granted.
- **Nonresident who accepts the withholding requirement:** AEBP withholds 7% of gross rental income and remits it to the FTB quarterly on your behalf.

This form is easy to skip in a stack of paperwork, but leaving it blank doesn't opt you out — it defaults you into standard withholding by operation of law once your rental income crosses the \$1,500 threshold, election or not.

Keeping the Lights On Between Tenants

Three shorter documents in the packet handle the operational plumbing of the relationship. The **ACH Authorization** routes your monthly owner proceeds by direct deposit instead of a mailed check. The **Electronic Communications Authorization** is your consent to email and secure-portal communication instead of paper mail.

The **PG&E Continuous Service Agreement** is the one owners least expect and most appreciate once it's explained: it keeps utility service active during the gap between one tenant moving out and the next moving in. Without it, service can lapse between tenancies — which means no lights or working heat for a showing, and can complicate habitability compliance if a unit sits vacant with utilities off during a listing period.

Why We Ask You to Sign a Risk Disclosure Before We Start

Before AEBP begins managing a property, every new owner signs a written risk disclosure. It isn't there to scare anyone off — it exists because rental property ownership carries risk no property manager, including us, can manage away: vacancy, tenant non-payment, property damage, unexpected repairs, and the cost of enforcing a lease when it comes to that. The document doesn't promise anything we can't deliver. It states plainly that AEBP doesn't

guarantee financial performance, tenant behavior, or uninterrupted rental income.

As part of that same disclosure, we ask new owners to confirm they’re maintaining a financial reserve equivalent to at least three months of rent per managed property before management begins. That’s an AEBP guideline — company policy, not California law. It’s also the single most common gap we see when an owner is caught off guard by a vacancy or a large repair: not that the expense happened, but that no reserve had been set aside to absorb it.

What to Ask Before You Sign With Any Property Manager (Beyond the Fee)

Question	Why it matters
What’s the spending-approval threshold, and who sets it?	Determines how many decisions you’re pulled into vs. handled without a call
Where are trust funds held, and in what order are they disbursed?	California law requires a separate trust account — ask to see the disbursement order in writing
What’s the actual termination notice period?	30 days with no penalty is standard; anything longer or with a fee is worth questioning
If I don’t live in California, has the tax withholding requirement been explained?	The 7% FTB withholding applies regardless of which PM you use — a manager who skips mentioning it isn’t doing you a favor
Is there a written risk disclosure, or just a fee sheet?	A manager who’s upfront about what they can’t control is more trustworthy than one who implies they can eliminate all risk

The Bottom Line

The management agreement is the document that actually governs the relationship — the fee is just one line inside it. Reading the spending-approval clause, the tax withholding election, and the risk disclosure before you sign takes about fifteen minutes and tells you more about how a property manager operates than any sales conversation will.

For AEBP's specific fee structure, see our [fee breakdown](#). If you'd like to review a sample onboarding packet before you sign with anyone — us included — we're glad to walk through it with you.

[Schedule a Free Consultation →](#)

Sources

- [California Revenue and Taxation Code §18662 — nonresident withholding requirement](#)
- [California Franchise Tax Board — Form 590, Withholding Exemption Certificate](#)
- [California Franchise Tax Board — Form 588, Nonresident Withholding Waiver Request](#)
- Property Management Agreement, Rental Property Owner Advisory, and related disclosure forms are California Association of REALTORS® standard forms, used industry-wide and not unique to AEBP.
- [East Bay Property Management Fees: What You Pay, What You Get, and What to Watch Out For](#) — AEBP's full fee structure

Frequently Asked Questions

How long does onboarding take?

There's no fixed timeline. Most of the packet can be completed and signed electronically the same day, though property-specific items — like attaching a current lease for an occupied

unit, or a trust or LLC operating agreement if the property is held in one — can take longer to gather.

Do I have to sign every document in the packet?

The core Property Management Agreement and the state-mandated disclosures apply to essentially every new owner. A few items are conditional — the trust or LLC declaration only applies if the property is held that way, and the foreign-investor tax forms only apply to non-U.S. persons.

What happens if I don't complete the tax withholding form?

Leaving it blank doesn't exempt you. Standard 7% withholding on gross rental income over \$1,500 per year applies by default once you cross that threshold, unless you've submitted the appropriate exemption or waiver form.

Can I negotiate the terms of the management agreement?

Several fields — the management fee within our standard range, the spending-approval thresholds, and the trust account reserve amount — are set specifically for your property, not fixed company-wide. Ask what's negotiable before you assume a term is fixed.

What's the difference between the management agreement and my lease with tenants?

The management agreement is between you and AEBP — it defines our authority and compensation. The lease is a separate agreement between you (through AEBP) and your tenant, governing occupancy of the unit. Signing one doesn't create or modify the other.