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Guidance on Retention Duration Requirements, Digitization, and Storage

Managing rental properties involves a significant amount of paperwork, from lease agreements and maintenance requests to financial records and tenant communications. For property managers in California, adhering to stringent document retention requirements adds another layer of complexity. The challenge becomes even more daunting when relying on physical documents, as the sheer volume of paper can be overwhelming, leading to storage issues and inefficiencies. To navigate these requirements effectively, property managers must understand the specific document retention mandates and adopt best practices for compliance.

Document Retention

Understanding the retention requirements is the first step toward implementing a streamlined and efficient document management system. Let's break it down:

Lease Agreements & Related Documents

Examples: Leases, rental agreements, addenda, disclosures, move-in/move-out inspections, etc.

Retention Policy: A minimum of four (4) years from the termination date of the lease

Tenant Application Information

Examples: Applications, screening reports, credit reports, background checks, reference checks

Retention Policy: At least four (4) years

Communications

Examples: Emails, letters, notices, and any correspondence related to the tenancy

Retention Policy: At least four (4) years

Eviction Records

Examples: Notices to Quit, UD actions, court documents, and correspondence related to the eviction process

Retention Policy: At least four (4) years from the date of final resolution

Maintenance & Repair records

Examples: Work orders, repair requests, invoices, and receipts for services performed

Retention Policy: At least four (4) years from the date of repair or maintenance

Financial Records

Examples: Rent payment records, bank statements, receipts, expense reports, financial statements, etc.

Retention Policy: At least seven (7) years

Insurance Policies

Examples: Property insurance, liability insurance, and any claims made

Retention Policy: At least four (4) years after the expiration date of the policy

Tax Records

Examples: Federal and State

Retention Policy: Six to seven years (6-7) is the recommended minimum, though some attorneys suggest tax records are retained for as long as the property is owned, plus 6 (six) years.

Management and Storage

Storing paper hard copies is the least efficient method of document management. Whether kept in filing cabinets or banker's boxes, paper is heavy, susceptible to damage from air and water, and occupies significant space. While generating some paper is unavoidable, minimizing its quantity is essential. In our digital age, BPOA advocates using electronic documents as a best practice. Request paperless statements and digitize paper files for long-term storage to streamline your document management. The easiest way to digitize paper documents involves a few steps and some essential equipment.

Equipment Needed

Scanner: A dedicated document scanner is ideal, especially one with an ADF (automatic document feeder) for quickly processing multiple pages.

Smartphone or tablet: Modern mobile devices have high-quality cameras that can scan documents using apps.

Document Management System/Software: A System to organize, store, and manage your scanned documents.

Steps to Digitize Paper Documents

1. Preparation

- Organize and sort the documents you want to scan.
- Remove staples, clips & tape — documents should be free of anything that could damage the scanner.

2. Scanning with a Document Scanner

- Load documents into the scanner's automatic document feeder (ADF) if available

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- b. Choose the appropriate scan setting (resolution, color, format — PDF is standard for documents)
- c. Start the scanning process!
- 3. *Scanning with a Smartphone or Tablet:*
 - a. Download a scanning app (e.g., Adobe Scan, CamScanner, Microsoft Office Lens).
 - b. Follow the app instructions to capture the document.
 - c. Adjust the edges and ensure the document is clear.
 - d. Save the scan in your desired format.
- 4. *Organizing Scanned Files*
 - a. Name Files Appropriately: Use consistent naming conventions for easy retrieval.
 - b. Create Folders: Organize files into folders and subfolders based on categories (e.g., invoices, contracts, receipts).
 - c. Add Metadata: Apply tags or metadata if your document management system supports it.
- 5. *Shredding*

After verifying the digitized documents, consider shredding the original paper documents if they are no longer needed for legal purposes.

Once you've digitized and organized your documents, you'll need a secure place to store them. Safe storage is crucial for property management documents because it ensures the protection of sensitive information, compliance with legal retention requirements, and easy access in case of audits or disputes. Properly stored digital documents help maintain organization, reduce the risk of data loss, and enhance overall efficiency in property management. The table below includes suggestions for low-cost document management systems (DMS). These options provide a range of services suitable for owners with smaller portfolios looking to manage their documents efficiently without significant costs.

Google Drive

Pricing: Free (up to 15 GB of storage), paid plans start at \$1.99/month for 100 GB.

Ideal for small property owners who need basic document management and sharing capabilities; the natural solution for gmail users.

Dropbox Basic

Pricing: Free (up to 2 GB of storage), paid plans starting at \$9.99/month for 2 TB.

Best for users who need straightforward cloud storage and sharing options with minimal complexity.

Microsoft OneDrive

Pricing: Five gigabytes for free; paid plans starting at \$1.99/month for 100 GB; MS365 subscription \$7.99/month.

Ideal for those with a Microsoft 365 subscription (Office apps plus 1000 gigabytes of storage).

PandaDoc

Pricing: Free (with trial), paid plans start at \$19/user/month

Ideal for owners who need electronic signatures along with document creation/management.

If the idea of self-scanning seems daunting, rest assured that local businesses in the Bay Area are ready to assist small businesses in making the transition. **Record Nations** (www.RecordNations.com/Berkeley/) provides document scanning and storage services through a network of local providers. They can connect you with Berkeley service providers catering to small businesses. These companies offer various document management solutions, including scanning, storage, and secure shredding, which can be tailored to meet your business's needs.

By implementing a robust document retention strategy and leveraging digital solutions, property managers can meet legal requirements and enhance their operational efficiency and security. Embracing these best practices ensures that critical information is easily accessible, secure, and well-organized, ultimately contributing to smoother property management operations. Whether you digitize documents in-house or partner with a local service provider, taking these steps will save time, reduce clutter, and help you stay compliant in the dynamic rental housing landscape. At BPOA, we're here to support you with resources and guidance as you transition to a more efficient document management system. All of the services mentioned are available for Windows, Mac, iPhone and Android.