

Checklist for Filing Operating and Maintenance Expense Petitions ONLY

NOTE: Every item on this checklist must be completed and marked "YES" or your petition will be returned to you as incomplete or inappropriate for hearing!

- | YES | NO | |
|-----|--------------------------|---|
| 1. | <input type="checkbox"/> | <input type="checkbox"/> Is there a copy of the O&M petition for each tenant listed, as well as the original and one copy for the Rent Board? |
| 2. | <input type="checkbox"/> | <input type="checkbox"/> Are there two sets of copies of all supporting documentation (bills, invoices, statements, receipts, copies of cancelled checks, etc.)? (The landlord petitioner is <u>not</u> required to provide copies of supporting documentation for the tenants.) |
| 3. | <input type="checkbox"/> | <input type="checkbox"/> Have you completed Form I (Landlord Petition for Arbitration), Form II (the proposed rent increases) and Schedule B (operating and maintenance expenses)? |
| 4. | <input type="checkbox"/> | <input type="checkbox"/> Are all lines on Schedule B completely filled out? A zero (0) must be reflected if no amount is stated and must be explained on a separate page. |
| 5. | <input type="checkbox"/> | <input type="checkbox"/> Are the correct comparison periods being used? (A 24-month period prior to the filing of the petition OR the immediately preceding two (2) calendar years must be used.) |
| 6. | <input type="checkbox"/> | <input type="checkbox"/> Is the documentation organized by year and separated into categories by type of expense? Please follow the sequence on Schedule B when organizing the documents. |
| 7. | <input type="checkbox"/> | <input type="checkbox"/> Is there a bill, statement and/or invoice for each claimed expense? |
| 8. | <input type="checkbox"/> | <input type="checkbox"/> Is there a cancelled check and/or receipt for each claimed cost? |
| 9. | <input type="checkbox"/> | <input type="checkbox"/> For each tenant subject to the proposed rent increase, have you provided:
Three business-size envelopes, pre-addressed to each tenant, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing to the tenants and must have first class postage for one ounce; (2) one must have sufficient postage for mailing the petition plus one additional page of instructions from the Rent Board; and, (3) one must have first class postage for two ounces for mailing the decision to the tenants. |
| 10. | <input type="checkbox"/> | <input type="checkbox"/> For each landlord and landlord representative, have you provided:
Two business-size envelopes, pre-addressed to each landlord party, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing and must have first class postage for one ounce; and, (2) one must have first class postage for two ounces for mailing the decision. |

A rent increase based on increased operating and maintenance expenses may not exceed 7% of the tenant's base rent per petition. [See Rules and Regulations §6.10(d)] For properties with six or more residential units, the total operating and maintenance increase that may be imposed on any unit by the same landlord in any five-year period is also limited to 7% of the tenant's base rent. [See Rent Ordinance §37.8(b)(1)(A)]

Signed: _____
Landlord Petitioner/Agent (Circle One)

Residential Rent Stabilization and Arbitration Board City and County of San Francisco

INSTRUCTIONS FOR FILING OPERATING AND MAINTENANCE PETITIONS

1. A landlord's petition based on increased operating and maintenance expenses must include the following:
 - (1) Landlord Petition for Arbitration, FORM I;
 - (2) Proposed Monthly Rent Increases, FORM II;
 - (3) Schedule B – Operating and Maintenance Expenses;
 - (4) Documentation supporting the requested increase.
2. The petition must be completely filled out and signed by the landlord or the landlord's authorized agent. The petition must be assembled as noted on page 3, "Tips for Preparing an Operating and Maintenance Expense Petition." **The Rent Board staff is not permitted to complete or fill in the petition for you.**
3. You must submit a copy of your completed petition for each unit whose rent you propose to increase, plus the original and one copy for the Rent Board. You must also submit two (2) copies of all relevant documents (bills, statements, invoices, cancelled checks, receipts, etc.) to verify your claims. You do not need to provide extra copies of the supporting documents for mailing to each tenant. At the hearing, you must be prepared to clearly describe and explain all expenditures, invoices, etc. All bills, statements and/or invoices must clearly state a specific dollar amount for each expense. If your petition and the supporting documentation are complete, clear and well-organized, you may be eligible for a Minute Order (a decision issued within 14 days of the hearing). A full description of the Minute Order program will be mailed to you with the Notice of Hearing.
4. You must submit 3 business-size envelopes, pre-addressed to each tenant, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing to the tenants and must have first class postage for one ounce; (2) one must have sufficient postage for mailing the petition plus one additional page of instructions from the Rent Board; and, (3) one must have first class postage for two ounces for mailing the decision to the tenants. You must also submit 2 business-size envelopes, pre-addressed to each landlord party, with NO return address, with postage as follows: (1) one of the envelopes will be used to mail the Notice of Hearing and must have first class postage for one ounce; and, (2) one must have first class postage for two ounces for mailing the decision.
5. A petition will not be accepted for filing unless you have fully complied with the above. **FAILURE TO SUBMIT ADEQUATE DOCUMENTATION MAY RESULT IN EITHER ADMINISTRATIVE DISMISSAL OR THE DENIAL OF YOUR REQUESTED INCREASES.** Rules and Regulations Section 5.14 permits dismissal of incomplete Operating and Maintenance Expense Petitions. Please review this section if you have any questions.

NOTE: You are required to serve written notice of the rent increase on a tenant *after* filing your petition with the Rent Board. Civil Code Section 827 requires service of a sixty (60) day notice of rent increase if the increase, either by itself or combined with any other rent increase in the one year period before the effective date, is more than 10%. If 10% or less, a thirty (30) day notice is required. If the rent increase notice is served by mail, the required notice period must be extended by an additional five days. Rent increases based on increased operating and maintenance expenses may be imposed only on (or after) the tenant's rent increase anniversary date, which is 12 months since the tenant's last rent increase. PRIOR TO OR AT THE HEARING, YOU MUST SUBMIT A COPY OF EACH RENT INCREASE NOTICE THAT YOU SERVED ON THE TENANT(S) AFTER THIS PETITION WAS FILED.

INSTRUCTIONS FOR FILING PETITIONS ON "OTHER" GROUND

1. A landlord's petition based on "other" grounds must include the following:
 - (1) Landlord Petition for Arbitration, FORM I;
 - (2) A written explanation of the relief sought, such as a request for determination of Rent Board jurisdiction or exemption from the Rent Ordinance, a request for determination of a tenant's lawful rent, or other request for a hearing.
 - (3) Sufficient supporting documentation to allow an Administrative Law Judge to decide your petition.
2. You must submit a copy of your completed petition (FORM I), including copies of the written explanation and supporting documentation, for each unit subject to the petition, plus the original and one copy for the Rent Board.
3. Provide envelopes as specified in paragraph 4, above, for Operating and Maintenance Petitions.

TIPS FOR PREPARING AN OPERATING AND MAINTENANCE PETITION

- **Select two consecutive twelve-month periods for comparison of operating and maintenance costs.** You may either use the two immediately preceding calendar years or any recent two-year period (twenty-four months), provided that the two-year period is not selected in order to create “exaggerated results.”
- **Make a separate file for each twelve-month period.** The first twelve-month period is referred to as “Year 1” and the second twelve-month period is referred to as “Year2.” Clearly mark each file as Year 1 or Year 2.
- **Within each file, make a separate section for each category of operating and maintenance expense.** Clearly mark each section with the name of the category. Typical operating and maintenance categories include: garbage, water/sewer, insurance, property taxes, debt service, management, repairs, pest control, maintenance, and elevator service.
- **Within each section, include proof of cost and proof of payment** for each claimed expense in that category. Proof of cost can be documented by a bill, invoice, contract, receipt, statement, etc. Proof of payment is best documented with a copy of a cancelled check.

Did you know that a check is cancelled on the front as well as the back? The dollar amount of the check is printed by the bank in the lower right corner of the face of the check to show that the check has been paid. Therefore, a copy of the front of the check is sufficient to show proof of payment.

SHORTCUT: Some regular or periodic bills, such as water/sewer and garbage bills, reflect payment of the prior bill. Submission of such bills are acceptable as proof of payment. Cancelled checks would *not* be required. On the other hand, a handwritten “Paid in Full” notation on an invoice generally is not considered adequate proof of payment. A cancelled check would be required to prove payment in such circumstances.

- **Organize your documents in chronological order**, with the earliest document first. Then move on to the next billing period and do the same. For example, provide a copy of the mortgage statement for January and attach a copy of the cancelled check reflecting January payment if the shortcut discussed above does not apply. Follow this with a copy of the mortgage statement for February and the cancelled check for February payment. And so on.
- **Provide a written explanation** of any unusual or extraordinary costs or transactions and attach it to the front of the section for that category. If there were zero expenses in a particular category, write zero (0) on Schedule B and attach a written explanation. Likewise, provide a written explanation for any documentation which is missing, incomplete or difficult to understand. It is also helpful to attach to the front of each section the calculator tape listing all of the claimed costs for that category.

OTHER HELPFUL HINTS

- **For owners or managers of more than one property, get separate bills, invoices, contracts, receipts, statements, etc. for each expense at each property.** Alternatively, make sure that the costs attributable to separate properties are kept separate and can be identified as pertaining to a particular property. Likewise, make payments for each property separately so that cancelled checks pertain to one property only.
- **Ask the contractor or service provider to clearly describe** the exact nature of the work or service provided and to clearly identify the location of the property where the work or service is performed. Additionally, an itemization of costs for multiple repairs or services listed on a single bill, contract, invoice, etc. should be provided. This is particularly helpful if the expenses are challenged.
- **At the time that checks are prepared, make a notation on the memo line to identify the expense.** For example, write “plumbing repair – 25 Van Ness Ave.” Or, identify the invoice number which corresponds with the payment.
- **Keep your records organized and accessible.** It will be easier to compile the documentation required by the Rent Board. While the work and charges might be clear to you at the time of the work, they get less so as time passes. Remember, even though all this may be familiar to you, it is not familiar to our staff. Well-organized documents and lucid explanations will facilitate approval of your petition.
- **Make all payments by check or credit card.** Cash payments are difficult to document.
- **At the time of purchase of a property, require documentation of operating and maintenance expenses as a condition of closing escrow if you are anticipating filing a petition.** It is often difficult to obtain these records from the prior owner after the transaction is completed.

IF YOU HAVE QUESTIONS, STAFF IS AVAILABLE TO HELP YOU WITH YOUR PETITION. We request that you call and make an appointment with the operating and maintenance expense petition coordinator. Because of demand and staff limitations, your petition must be completed as fully as possible before discussing it with staff. It will also expedite our assistance to you if you have made a written list of questions **before** you call or visit the office.

Residential Rent Stabilization & Arbitration Board
City & County of San Francisco
FORM I

LANDLORD PETITION FOR ARBITRATION

(Please Print)

Full Property Address: _____ San Francisco, CA 941 _____

Owner's Name: _____ Owned since: _____
(First) (Middle Initial) (Last)

Owner's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Work Phone: _____ Home Phone: _____ Other Phone: _____

Fax #: _____ E-mail: _____

Is an agent and/or property manager authorized to represent the landlord's interest in this petition? Yes No

If yes, check the appropriate box and **attach written authorization**: Agent Property Manager

Agent's Name: _____ **Work Phone:** _____

Agent's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Fax #: _____ E-mail: _____

Property Manager's Name: _____ **Work Phone:** _____

Manager's Mailing Address: _____
(Street Number) (Street Name) (Apt./Suite Number) (City & State) (Zip Code)

Fax #: _____ E-mail: _____

Notice of hearing and decision to be mailed to [check appropriate box(es)]: Owner Agent Property Manager

Has a previous petition or report been filed with the Rent Board concerning this property? Yes No

If yes, list the CASE NO(S): _____ and/or DATE(s): _____

Year built: _____ # of units in the building: Residential _____ Commercial _____ Total _____

The total number of units for which I am seeking a rent increase is _____. (List units & tenants on next page.)

I am filing a petition under the Rent Ordinance based on [CHECK APPROPRIATE BOX(ES)]:

Increased Operating and Maintenance Expenses in order to increase the rent above the annual allowable rent increase amount. (Include Forms I & II, plus Schedule B)

→ Was there a transfer of title within the two years before your purchase of the property? Yes No

If yes, Rules and Regulations §6.10(f) may limit the amount of increased debt service that qualifies for consideration in this Operating and Maintenance Petition. Please include documentation in the Debt Service category showing the purchase price paid and the date when the prior owner bought the property, and the purchase price paid and the date when you bought the property.

Other Ground. (Include Form I) Please explain/state relief sought & attach supporting documentation: _____

SCHEDULE B OF LANDLORD PETITION OPERATING AND MAINTENANCE EXPENSES

Refer to Rules & Regulations Section 6.10 (a)-(g) for more information.

The annual allowable rent increase is intended to cover a landlord's ordinary increase in operating and maintenance (O&M) expenses. An additional rent increase of up to 7% may be considered justified if it is found that the aggregate cost of O&M expenses has increased over either the two previous calendar years **or** a 12-month period preceding the date of filing the petition ("Year 2") compared to the 12 months prior to Year 2 ("Year 1").

At the time the petition and Schedule B are filed, the landlord petitioner must also submit documentation to establish the amount of all O&M expenses, such as bills, invoices, insurance premium notices and property tax statements. Proof of payment is also required for every claimed expense, such as cancelled checks, cash receipts or credit card billing statements. For each 12-month period, documents should be organized by expense category and clearly identified. See page 3, "Tips for Preparing an Operating and Maintenance Petition" for examples. **Do not include costs for gas and electricity here – you must use a separate "Landlord Petition for Approval of Utility Passthrough."**

In completing the following schedule of O&M expenses, there must be an entry for every line, even if the amount entered is zero (0). However, if the amount entered is zero, attach a written explanation and/or evidence to verify that fact.

	YEAR 1	YEAR 2
	Dates Used: _____	Dates Used: _____
Expense Items¹		
Garbage	\$ _____	\$ _____
Water/Sewer	\$ _____	\$ _____
Insurance	\$ _____	\$ _____
Property Taxes	\$ _____	\$ _____
Debt Service ²	\$ _____	\$ _____
Management	\$ _____	\$ _____
Repairs	\$ _____	\$ _____
Pest Control	\$ _____	\$ _____
Other Maintenance	\$ _____	\$ _____
Elevator Service	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
TOTALS:	\$ _____	\$ _____
1. Subtract Year 1 total from Year 2 total	=	\$ _____
2. Divide Line 1 by 12 months	=	\$ _____
3. Divide Line 2 by total number of units in building	=	\$ _____

FOR EACH UNIT SUBJECT TO THE PETITION, CALCULATE THE ALLOWABLE O&M INCREASE (IF ANY) BY COMPLETING STEPS 4-8 ON THE REVERSE SIDE OF THIS FORM. MAKE ADDITIONAL FORMS IF NEEDED.

¹ Please note that Rent Board fees, capital improvement costs, vacant unit preparation costs, legal fees and costs for petition preparation are NOT considered to be O&M expenses.

² Rules and Regulations §6.10(f) may limit the amount of increased debt service that qualifies for consideration in this O&M Petition if you purchased the property within two years of the prior owner's purchase. If so, please include documentation in the Debt Service category showing the purchase price paid and date when the prior owner bought the property, and the purchase price paid and date when you bought the property.

SCHEDULE B, Part 2

UNIT # _____

- | | | |
|----|--|------------|
| 4. | Calculate the annual allowable rent increase (_____% X Tenant's Base Rent)
If the amount on line 4 exceeds the amount on line 3, then no O&M increase is permitted. If line 3 is greater than line 4, continue to line 5. | = \$ _____ |
| 5. | Subtract the amount on line 4 from line 3 | = \$ _____ |
| 6. | Calculate 7% of the tenant's base rent (0.07 X Tenant's Base Rent) | = \$ _____ |
| 7. | If the amount on line 5 is equal to or less than the amount on line 6, then the amount on line 5 is the permitted O&M increase allowed for this unit | = \$ _____ |
| 8. | If the amount on line 5 exceeds the amount on line 6, then the amount on line 6 is the permitted O&M increase for this unit | = \$ _____ |

UNIT # _____

- | | | |
|----|--|------------|
| 4. | Calculate the annual allowable rent increase (_____% X Tenant's Base Rent)
If the amount on line 4 exceeds the amount on line 3, then no O&M increase is permitted. If line 3 is greater than line 4, continue to line 5. | = \$ _____ |
| 5. | Subtract the amount on line 4 from line 3 | = \$ _____ |
| 6. | Calculate 7% of the tenant's base rent (0.07 X Tenant's Base Rent) | = \$ _____ |
| 7. | If the amount on line 5 is equal to or less than the amount on line 6, then the amount on line 5 is the permitted O&M increase allowed for this unit | = \$ _____ |
| 8. | If the amount on line 5 exceeds the amount on line 6, then the amount on line 6 is the permitted O&M increase for this unit | = \$ _____ |

UNIT # _____

- | | | |
|----|--|------------|
| 4. | Calculate the annual allowable rent increase (_____% X Tenant's Base Rent)
If the amount on line 4 exceeds the amount on line 3, then no O&M increase is permitted. If line 3 is greater than line 4, continue to line 5. | = \$ _____ |
| 5. | Subtract the amount on line 4 from line 3 | = \$ _____ |
| 6. | Calculate 7% of the tenant's base rent (0.07 X Tenant's Base Rent) | = \$ _____ |
| 7. | If the amount on line 5 is equal to or less than the amount on line 6, then the amount on line 5 is the permitted O&M increase allowed for this unit | = \$ _____ |
| 8. | If the amount on line 5 exceeds the amount on line 6, then the amount on line 6 is the permitted O&M increase for this unit | = \$ _____ |

FOR EACH UNIT SUBJECT TO THE PETITION, CALCULATE THE ALLOWABLE O&M INCREASE (IF ANY) BY COMPLETING STEPS 4-8. Additional forms with steps 4-8 can be obtained from the Rent Board, or you can make copies of this blank form before using it.