



Owner Handbook

ON THE MARK PROPERTY MANAGEMENT

www.onthemarkrentals.com

Introduction

The purpose of this handbook is to communicate the policies, procedures, and practices that dictate how we intend to manage your property. It will serve as your guide to our management practices. Properly used, this document will enhance communication between us and make our ongoing relationship stronger and more transparent. The Owner's Handbook will be updated periodically as we work to keep up with changes in the laws and economics that affect our business practices.

Welcome from the Owner

Thank you for choosing ON THE MARK PROPERTY MANAGEMENT to lease and manage your rental property. We appreciate your vote of confidence and will work hard to prove you made the right decision. This handbook is just one of the ways we've developed over the years to set your expectations for our relationship, and communicate to our owners how we manage their property. We look forward to assisting you in every way possible and a long relationship in serving your needs.

Who We Are

ON THE MARK PROPERTY MANAGEMENT is a full-service Brokerage. We are fully licensed, and our owner has been managing property since 2015.

- **Company Byline: Targeted Results**

We will talk together about your goals, plans, and intentions for your property. Whether it is part of your long-term retirement plan, your dream home you're returning to after a sabbatical, or you're just waiting for the market to turn so you can sell it, we'll select a strategic plan to make it happen, and aim for that target.

- **Motto for Owners ... Consistent Communication!**

Our motto is simple – CONSISTENT COMMUNICATION! We strive to keep our owners informed of everything going on in with their properties. This means that we aim to inform you in advance of what fees you'll pay, what outside costs you'll experience, and when we're dealing with a maintenance request. There's nothing more disheartening than opening your monthly statement and seeing a disbursement from us for less than you expected. We'll work hard to keep that from happening and let our motto drive our behavior.

The most common complaint about those in the real estate industry, and especially about property managers, is poor communication. You won't find that here! The compliment our owner, Mark Cheney, receives most often from his Investor Clients is about his Excellent Communication. It's so good that we offer a COMMUNICATION GUARANTEE: *"We will send a report, every single month, of any changes to the status of your property, the lease, the condition, and the financials. If we don't send it, your Management Fees for that month will be waived."*

- **Mission Statement: Results Oriented Execution**

Many other property management companies enjoy sitting back and relaxing, doing as little as possible to deserve your hard-earned money. Not here!

Our mission is to achieve results for you! And not just any results, but Targeted Results. We do this similarly to how any shooter hits their target, by following clear steps:

GET READY: Select a strategic plan in partnership with You

AIM: Maintain a sharp focus on the objectives

FIRE: We take precise action

BULLSEYE! We achieve those Targeted Results!

REPEAT: We Communicate Clearly and Consistently throughout the process

- **Code of Ethics**

We are active members of the National Association of Realtors (realtor.org), the Utah Rental Housing Association (rhautah.org), Utah Association of Realtors (utahrealtors.com), and the Utah Central Association of Realtors (ucaor.com). Each one of them has a code of ethics that we honor. You can review them at your leisure by going to each of their web sites.

- **Licenses and Affiliations**

We are active members of the National Association of Residential Property Managers (narpm.org), the National Association of Realtors (realtor.org), the Utah Association of Realtors (utahrealtors.com), and the Utah Central Association of Realtors (ucaor.com).

- **Industry Designations**

Every industry has its trade associations who offer designations for their members to demonstrate their knowledge, professionalism, and commitment to the industry. Property Management is no exception. The Utah Rental Housing Association is our trade association and is dedicated to training the professional management community. They offer the Utah Professional Rental Operator (U-PRO) designation. In

addition, there are National Association of Realtors designations that are common in our company to include, the ABR, SRS, and Utah Real Estate Broker's License.

- **Company Footprint**

ON THE MARK PROPERTY MANAGEMENT covers Salt Lake County & Utah County. Our office location is in southern Salt Lake County.

- **Top 5 Reasons People Choose ON THE MARK PROPERTY MANAGEMENT**

- 1. Our Communication Guarantee**

The most common complaint about those in the real estate industry, and especially about property managers, is poor communication. You won't find that here! The compliment we receive most often from our Owners is about our Excellent Communication.

It's so good that we offer a Guarantee: *"We will send a report, every single month, of any changes to the status of your property, the lease, the condition, and the financials. If we don't send it, your Management Fees for that month will be waived."*

- 2. Single Owner Point of Contact**

With our Portfolio Management design, we have intentionally formulated a system that will give the Landlord/Owner the best service possible by knowing WHO is in charge of handling the management of their home. One Email, One Phone Number – One Person.

- 3. Management Fees**

ON THE MARK as designed our program to offer the best services possible to each individual owner. Because all owners are not the same, we have designed a fee structure that can offer select à la carte services to the owners at their discretion. For more information regarding this, speak with the property manager who can detail these services for you and provide you with all of the specifics.

- 4. Top Notch Marketing to Include Video Marketing!**

Marketing your property on a variety of internet websites is the best way to get tenants through the door. When you market your property with ON THE MARK, we will list your property on a wide variety of rental websites, including the Wasatch Front Multiple Listing Service (MLS), utahrealestate.com. In doing this, your property will get the absolute most exposure because of all the mirror websites that take information directly from both our property management software, Buildium, and the Wasatch Front MLS and add your property onto their site. There are literally thousands of websites that do this! In addition, we will list the property on stand-alone local rental sites, such as Rentler, and KSL (our local classifieds).

The thing that will set ON THE MARK apart from other property managers is our use of video marketing and YouTube.com internet exposure. The end result of this effort is we get numerous applications from out of state, and out of country potential tenants who have not even seen the home in person!

5. Electronic Disbursements

Collecting rent when it's due, and disbursing it to owners quickly, is one of our highest priorities. Through our system of online banking and internet software, we disburse funds (and financial statements) to the owner electronically each month.

Communicating with ON THE MARK PROPERTY MANAGEMENT

Office: 210.497.8686

WEB: www.onthemarkrentals.com

Technology We Use

ON THE MARK PROPERTY MANAGEMENT has embraced many technological tools to help make us more efficient and enable us to connect with our clients, residents, vendors, staff and colleagues in the business. This changes quite often, but here is a sampling of what we use today.

1. Web-Based Property Management Software

We use BUILDIUM – an online property management software system endorsed by the National Association of Residential Property Managers (NARPM).

2. Owner Portal

Owners can view their disbursement records, make reserve contributions, review documents & monthly statements, make comments, submit repair requests on your portal 24/7. The software makes it easy to access what you need, when you need it.

3. Tenant Portal

Tenants also can view their payment records, current balances, make payments, review documents, give notice to vacate, make comments, and submit repair requests on their portal 24/7. Good software makes all this simple and affordable.

4. Web-Based Property Management Files

Our property management software, in conjunction with several outside sources such as Dropbox and YouTube, allow us to have off site backup for all pictures, video, and files.

5. Web-Based Phone System

To drive efficiency in our phone systems we use a web-based phone system that works as a cloud based VOIP (voice over internet protocol) phone system. It allows much more flexibility, functionality, and can even turn emails into voicemails making sure a call is never missed!

6. ON THE MARK Website – www.onthemarkrentals.com

Websites are not just a tool to communicate with the public; they've become the face of the company. We use ours extensively to attract new customers as well as to serve our existing clients and tenants. We post as much information as possible to our website for easy reference.

The Management Agreement and Fees

The foundation of our relationship is the management agreement (and housekeeping documents) you executed before you came on board with us. If we can't agree on something during our relationship, we will all rely on these documents to help us sort things out. An expansion of our relationship is outlined in more detail in this Owner Handbook.

- **Management Fee**

Our business model offers a range of select à la carte services designed to work with the owner's desires for their level of services provided. The management fee pays ON THE MARK for the day to day routine of answering phones; handling maintenance, lease enforcement, HOA complaints, rent collection, monthly reporting, accounting for tenant charges, trust account management and handling emergencies.

- **Leasing/Advertising Fee**

The biggest cost you'll incur in the management process is in getting the property rented. It requires a lot of manpower, advertising, application processing systems, and move-in procedures. In order to find you the absolute best tenants this market has to offer, we will list your property on a wide variety of websites, including the Wasatch Front Multiple Listing Service (MLS), utahrealestate.com. This gives your property the most exposure possible because of the thousands of rental websites that pull information directly from our property management software, Buildium, and the MLS and add your property onto their site. In addition, we will list the property on stand-alone local rental sites, such as Rentler, and KSL (our local classifieds).

- **Renewal Fee**

Each time a tenant renews or extends their lease agreement, ON THE MARK will charge a \$75 Renewal fee. This charge will be paid the following month after the extended lease agreement has been executed.

- **Landlord Exit Fee**

Upon completion or termination of this agreement, owners will incur a \$100 charge for turning over all documentation, accounting for all funds, archiving all files, and forwarding any information required to the owners and/or the tenants. All files and accounting are required to be archived for seven years, this fee is meant to cover that liability.

- **Early Termination Fee**

If we've started marketing the property, posting it on rental web sites and putting signs and lockboxes on the property, we've already spent some real time and money. If you terminate the agreement with ON THE MARK before we have a chance to lease the home, the management agreement calls for a \$200 marketing cancellation fee to recoup those costs.

If an owner requests to terminate our business relationship in the middle of a tenancy, refer to the management agreement for further details.

SEE FEE DISCLOSURE AT END OF THIS OWNER HANDBOOK

Duties of Each Party

A. Duties of ON THE MARK PROPERTY MANAGEMENT to the Owner:

Maintain offices, staff, website, escrow accounts, phone and email systems.

1. Maintain appropriate licenses and trust accounts for owner's and tenant's funds, as required by the Utah Division of Real Estate, and maintain said records for three years.
2. Represent the owner exclusively, seeking their best interest in all situations.
3. Maintain qualified staff with experience and specialized training in managing residential rental properties.
4. Provide owner with insight and advice regarding the rental market, help with setting asking rent, and help with getting the property rent-ready.
5. Market owner's property for rent; put out signs and install lockboxes; post in the Wasatch Front MLS, as well as local and national rental websites.
6. Respond to callers and show properties, with the intention of finding qualified tenants.
7. Receive tenant applications, pull credit history, employment and residency records, eviction reports (along with other background information) and use good judgment in the qualifying/approving/denying of applicants.
8. Maintain accurate accounting systems in place to know where all deposits are held, where all owner disbursements have gone, and be able to provide monthly statements to all owners.
9. Maintain a maintenance response system to take and follow up with requests from tenants requiring maintenance.
10. Manage the property for the owner, handling tasks to include the execution, renewal, default, and reinstatement of leases; collecting rent; maintaining the property and making maintenance records available for owner review.
11. Maintain owner's escrow account records, including receiving and recording receipt of rents, handling owner disbursements, paying expenses on the property, paying vendors and managing emergency situations, distributing collected funds to owner and providing monthly owner financial reports.
12. Manage the eviction process, including posting eviction notices, coordinating with the eviction attorney, posting abandoned property notices, and overseeing the removal of the tenant's possessions from the property on behalf of the owner and at his expense.
13. Manage normal maintenance breakdowns as part of the management fees. Manage rehab, renovations and restorations with oversight expense, when authorized by owner.
14. Complete a move-out inspection when the tenant vacates the property, charge the tenant for damages above normal wear and tear as described in the lease, and refund the security deposit with a written

itemization of any deductions within thirty (30) days, per Utah Statute, and consistent with industry standards.

15. Only initiate legal actions on owner's behalf with owner's permission, except those related to collecting rent and evicting tenants over rent collection.
16. Refund owner's reserve funds within thirty (30) days of termination of the agreement.

B. Duties of Owner to ON THE MARK PROPERTY MANAGEMENT:

1. Warrant to ON THE MARK that all owners with rights to the property have executed the management agreement.
2. Maintain regular communication with ON THE MARK and respond to inquiries and requests for authorizations.
3. Keep loan payments, property taxes, insurance, and HOA dues current.
4. Investigate and communicate to ON THE MARK any HOA rules governing leasing in the community where the property is located, as well as provide any leasing requirements of said HOA.
5. Pay ON THE MARK the fees agreed to in the management agreement and all governing documents associated with that agreement.
6. Avoid discrimination of any kind regarding the property while under agreement with ON THE MARK PROPERTY MANAGEMENT.
7. We recommend avoiding all contact with the tenant(s) while ON THE MARK is managing the property.
8. Pay (reimburse ON THE MARK) for maintenance on the property necessary to maintain habitability, utilities, safety, and health of the resident.
9. Fund, in advance, any repair over the \$500 reserve and maintain that minimum owner reserve.
10. Maintain landlord insurance on property naming ON THE MARK PROPERTY MANAGEMENT as an additional insured party.
11. Keep plumbing, electrical, HVAC systems, appliances and improvements left on the property in normal operating condition during the term of the agreement.
12. Pay attorney and court costs that arise in the process of evicting tenants. No other legal actions regarding the property or tenants will be initiated by the Agent, without owner's first giving permission to file such action.

B. Contingency Funds

In addition to the \$500 Standard Reserve, we highly suggest that you keep a contingency fund of 3-6 months of rent in your own account. This allows you to cover any large unexpected expenses, such as vacancy, unpaid rent, property damage, etc. We do our utmost to prevent these unpleasant surprises, but on rare occasions they do happen, and it's just smart money management to have a little extra set aside.

C. Lead-Based Paint Disclosure

If your property was built prior to 1978, we are required to disclose to the tenant the risks of lead-based paint. To accomplish this, you will be completing a lead-based paint disclosure that will be included with the lease.

C. Landlord Insurance

You must keep your property covered by a landlord insurance policy during the term of our management agreement. You also need sufficient liability insurance to cover the increased risk incurred by having a renter in the property. Renters are not a protected class in the courtroom, but they are a favored class when owners or landlords do stupid things. Your policy needs certain limits of coverage and ON THE MARK PROPERTY MANAGEMENT must be covered as an additional insured.

D. HOA Issues

As a whole, home owner's associations (HOAs) have an issue with renters and tend to create a lot of heartburn for owners and landlords when moved into their communities. If owners get behind on their dues, or forget to tell us the rules for leasing in their community, HOAs think nothing of booting cars, suing tenants for the rent until the owners' dues are caught up, turning off utility services, hauling off their cars and evicting them over rule violations. Although we'll handle the process, you'll need to stay in the loop as HOAs don't always communicate very well with third parties (property managers and tenants) regarding their actions. Since they can fine you and lien the title of your property over these issues, you'll need to work with us to resolve these challenges. This is one of the issues you can't turn over to your property manager entirely.

1. Amenity Passes, Gate Keys and Pool Keys

We often rent properties in communities that require gate passes, codes, keys and permission from the HOA for access to amenities and entry points. Occasionally, an owner will ask us to call the HOA on their behalf and find out about these restrictions. HOAs typically don't communicate very well with third parties (property managers and renters) and often refuse to speak to anyone but the owner regarding these policies. The HOA, not ON THE MARK, is in control of the community, and we, like you, are beholden to them. It is imperative that you get permission from the HOA to rent your property and provide us with keys, passes and codes before we lease the property. If you don't do this in advance of our leasing the property, be prepared for battles with your HOA and increased expenses (time and labor) in resolving the resulting issues later.

2. HOA Rules

Every HOA has different rules, about parking, pets, yard care, etc. Send us a copy of the HOA rules, and we'll inform the tenant. Only then can we hold them accountable to follow those rules.

D. Authorization

During your time with ON THE MARK PROPERTY MANAGEMENT, from time to time we will need your authorization to make decisions that are outside our scope of authority. We'll do our best to leave you alone and manage the property for you, but occasionally we will need you to make a decision about such things as the appropriate action to take when a tenant is discovered to have an unauthorized pet or extra roommates; whether you want to repair or replace the 8-year-old dishwasher; and spending money over the \$500 reserve, to name a few examples. Many times an email is sufficient authorization, but occasionally we'll need

something more formal. Most of the management decisions are small and we'll make them ourselves, but when confronted with larger issues, we'll contact you personally.

E. Personal Property

Owners often leave personal belongings (patio furniture, wall mirrors, tables, bar stools, lawn mowers, grills, ladders, etc.) behind when they leave the property, thinking it will be there when they return. It seldom is. Renters often forget what is not their own when they move out. You should remove everything when leaving.

F. Property Features / Disclosure

Since you know the property better than anyone else, you should help us identify area schools, community features, HOAs, and basic information about the property so we can represent it properly in our advertising. Tenants get really upset when they move into a home and it's not in the school system they were told it was, so let's get this disclosed accurately up front and save everyone the headache and potential litigation.

G. Hot Tubs

Owners know that hot tubs require maintenance. Tenants don't and think they are just fun. When hot tubs are not maintained properly, motors burn out and water gets green. They can create a hazardous environment for the tenant. We'll manage them with a maintenance contract, but the best way to deal with them is to shut them down before you put the property on the rental market.

H. Owner's W-9 Form

Fifteen years ago, the IRS made property managers the cops for reporting income received on behalf of our clients from rental properties. Just like employers, we must report to the IRS (using a 1099 form) the gross rent we collected on your behalf and you must report the expenses of interest, insurance, repairs and other property expenses on your personal tax return. We'll send you (and the IRS) a 1099 reporting the gross rent we received from a tenant by the end of January every year, as required by the IRS. Owners must cooperate by getting the form completed, or the IRS, by law, has ordered us to withhold rental income from any owner that has not completed it.

Marketing Your Property

ON THE MARK PROPERTY MANAGEMENT has a very good track record in renting out homes. It's not secret – good marketing is the key to attract the best tenants. We have a very good grasp of what advertising it takes to get the job done quickly.

A. Pre-Marketing

First impressions are critical when people are selecting a place to live. Utilities must be on, repairs must be complete (or almost complete) and the property must be clean before we start marketing a property. It is aggravating for a potential renter to drive an hour to a property, only to find it dirty, smelly and unsightly. Tenants get turned off by houses that are not move-in-ready and often won't return to see them a second time. "Go ahead and start marketing the property ... I'll have the rehab done before you get a tenant" just doesn't work. We sometimes rent houses in a few days and trying to move tenants into a half-ready home is painful. Get the property in rentable condition, and then the marketing can begin.

B. Setting the Rent

We know the market and can find lots of rental comps to drive the asking rent. Although it's your call, we'll advise you and report activity. You'll set the rent (and make the mortgage payment until it's occupied) so we're on the path to getting it rented quickly.

C. Utilities

Utilities must be on before we start marketing a property. Owners will need to keep all services on in their name until the property is rented, but change the billing address to ours before then.

Once rented, utility services are handled in two ways:

1. **Gas & Electric** will be put in the tenant's name, and will be paid directly by the tenant. We will set up a "landlord agreement" with each company so service transfers back to us, and is never interrupted during tenant transitions.
2. **Water/Sewer/Garbage** are run by the cities, who often won't allow a change from the owner to the tenant's name. Therefore, we will keep paying these, but bill it to the tenant.

D. Lockboxes and Signs

Lockboxes allow prospective renters to view vacant homes at their convenience, and allow contractors access, when needed. (Occupied properties will always be shown by the manager, and by appointment). Our lockboxes require both an appointment and a one-time access code, provided only after submitting identity confirmation. We'll install one of these high-quality lockboxes near the front door and start showing the property as soon as it's rent-ready.

E. Keys

We can't express how important it is for you to provide ON THE MARK PROPERTY MANAGEMENT all applicable keys, remotes, cards, and/or codes: to the property, garage, shed, pool, entry gate, clubhouse, mailbox, etc. It is our job to make your property stand out from all the others the potential renter will be considering, and often the decision comes down to the amenities. To put it bluntly, we can't sell what we can't show. We will work diligently to rent your property, and to do that we must have all the keys.

F. Kwikset Deadbolts

We will re-key the property before a tenant moves in. The cleanest, most affordable, and most effective re-key method is a Kwikset deadbolt system. ON THE MARK will have one installed on your property at owner cost before a tenant takes possession of your property.

G. Videos

Videos, like digital photos, can help show the home, as well as document the condition of the property prior to move-in and substantiate charges against the tenant after move-out. We have learned that videos are better than pictures and help us defend charges for property damages in court. We'll take videos for marketing, move-in and move-out at no additional cost to you. Many tenants have rented our properties without personally visiting them because they viewed our virtual tours.

H. Marketing and Showing

We are often taking calls from prospective renters and showing houses. These calls come from our marketing efforts on a wide variety of internet websites, which we've found is the best way to get tenants through the door. In addition to listing your property on a wide variety of websites syndicated through Buildium, our property management software, and on the Wasatch Front Multiple Listing Service (MLS),

utahrealestate.com, we will also list the property on stand-alone local rental sites, such as Rentler, and KSL (our local classifieds), and promote our walkthrough tour videos on YouTube.

Screening Applicants

ON THE MARK PROPERTY MANAGEMENT holds screening tenants as one of the most important aspects in good property management. As much as we think we have it figured out, applicants are still teaching us things every day. Identity theft is rampant, and it's easy to miss something even when you're watching for it. It's not a cut and dry system and it takes a lot of experience. We have this experience because we've made many mistakes over the years and have most of our learning behind us. You have the benefit of our experience because we're not learning on your dime. To conform to the Fair Credit Reporting Act, we keep this information secure and confidential for three years.

A. Background Checks

We pull credit, employment history, residency history, foreclosure, bankruptcy, eviction reports, sex offender reports and more. There is no perfect system to qualify applicants, but we take advantage of all the information we can get our hands on. Screening applicants is often a balancing act between the information we gather about them and the money they are willing to put down (security deposit) to secure their fulfillment of the promises in the lease. While there are some issues we won't look past, others can be overcome with an increased deposit.

B. Application Contingencies and Owner Approval

If the applicant has special requests, offers less than asking rent, has multiple pets, or presents any issues outside of the norm, you will be contacted for final approval. We work hard not to exceed our authority when it comes to this or any other matter during our leasing and management of the property.

C. Negotiating the Lease

Our custom lease agreement is a very pro-landlord document. Owners will be involved in negotiating special stipulations for things such as finishing a fence, putting in a refrigerator, having an extended lease term or allowing multiple pets. Some issues need your input, but most of the time – it can or will be handled on our end.

D. Cosigners

Good credit is required to secure the renter's promises in a lease but it doesn't have to be the occupant's credit. We get lots of folks who have their parents, employers, caregivers and counselors guarantee the lease and we've had great success enforcing cosigner agreements. The cosigner completes an application and is added into the lease agreement by addendum.

Lease Document Preparation

ON THE MARK PROPERTY MANAGEMENT will prepare all of the lease documentation for all parties to review. Tenants will sign several documents before they take possession of your property. The lease is the primary

document, but there will also be a pet addendum, move out checklist, lead-based paint disclosure, and documents that cover renter's insurance, etc.

Managing the Move-In

When a tenant moves into a home for the first time, there are often "issues" during the first week. We provide the tenant with a Check-In form upon move in and they are encouraged to fill that out and return it to us within 30 days.

A. Re-Key Policy

It is our policy to re-key every property prior to the tenant occupying the home. Copies of these keys will be kept at our office in a secured location. While the initial lock change to our secure key system is an owner expense, all future re-keys are billed to the outgoing tenant.

B. Utilities

Make sure the utilities are left on throughout marketing and move-in. If utilities are turned off prior to initial occupancy, a processing fee of \$35 will be charged for Manager to get them turned back on.

C. Pre-Move-in Wipe Down

Even vacant homes gather dust, vendors aren't perfect in cleaning up after themselves, and tenants expect hotel (white glove) clean, whether they should or not. If the home is dirty at move-in, renters get upset and remember the experience until they move out. No one likes to clean up someone else's dirt.

Our solution is to schedule a pre-move-in wipe down a day or two prior to the tenant moving in. The cost is generally around \$65 to \$150 depending on just how big (and how dirty) the house is. Like re-keying, the first wipe down will be charged to the owner. Thereafter, it will be included in charges to the outgoing tenant, regardless of how clean they left the home.

Owner Cleaning Challenges: Frequently we have owners tell us that they will clean the property before tenant move-in and we don't need to order cleaners, or this wipe down. Everyone wants to save money and the DIY method is often preferred by owners. Here's the problem: everyone has a different idea of what clean is and different people are satisfied with different levels of clean. Since we can't attempt to match tenants with owners of the same cleaning standards, we have to use a neutral standard we can all agree with. That standard is "hotel clean". As with the tenants, regardless of how clean the home was left, a pre-move-in wipe down will always be done.

Having the property clean and ready for the move-in is one of our highest priorities and should be yours as well. The move-in can be a pleasant experience or a horrible one and will set their expectations and attitude toward the home, manager, and owner for the rest of their stay. Let's work together to welcome the tenants to a clean and safe place to live.

Managing the Money

One of the main parts of our job is managing the money. As noted above, we do this through our property management software in accordance with the laws and rules of the Utah Division of Real Estate.

A. Security Deposits

Our policy is to hold the tenant's security deposit in our qualified Real Estate Trust Account. Our property management software allows us to account for it at move-in and move-out.

B. Collecting Rent

Collecting rent is one of the most tedious processes in being a landlord. We take the burden and documentation out of that process for our owners with the assistance of online bill payments and the best software available in the property management industry.

1. Due Date

The due date is always the 1st of the month. If the tenant moves in during the middle of the month, their rent will be pro-rated. Rent is due the 1st, and late on the 2nd. We do give a grace period without late fees through the 5th, to allow for any weekends or holidays.

Our software allows us to track exactly what day and time the tenant has paid rent through our online system. Typically around 90% of our tenants pay online. We push rent collection hard because most owners are making a mortgage payment and pressing the tenant for the money and getting it to the owner is a high priority.

2. Late Fee

The late fee is a one-time charge of 10% of the rent and is assessed on the 6th of the month. We make the late fees 10% of the rent so it is uniform across the spectrum of renters. Any late fees collected will go to the property manager as stated in the property management agreement.

3. Delinquent Tenants

Manager will contact any delinquent tenants on the 6th of the month. Even the best of tenants have tech issues, and life disruptions that lead to forgetting something as important as paying rent. They appreciate the reminder, and typically resolve the issue immediately.

In the rare case of an unresolved delinquency, a 3-Day Pay or Quit notice will then be delivered and posted on the tenant's door. This is the first step in the eviction process as we are required to give the tenant notice to vacate, in writing, with a confirmed delivery.

4. Eviction Attorney

Our eviction attorney, Utah Eviction Law, specializes in getting you through this process as quickly and painlessly as possible. We will assist them throughout.

The goals are first, to get the current tenant out as quickly as possible. If they don't move out voluntarily, then a court order and officer of the law will put them out. If valuables are left behind, we are required to post a 15-Day Notice of Abandoned Property, and work with the tenant to allow them to remove it. If they don't, then we can have it cleared and disposed of.

The second goal of the eviction process is to collect what is owed to you. Utah law states that an evicted tenant owes "treble damages". Unfortunately, collecting this takes time, and may never be fully

collected, depending on the tenant's future financial situation. That is why we work so hard to get them out quickly, to keep the damages to a minimum.

5. Re-Keying

Immediately after the tenant is removed, we will need to rekey the property. This expense will be charged to the outgoing tenant, however the owner will be paying it until it is collected with the other damages.

C. Distributing Owner Draws

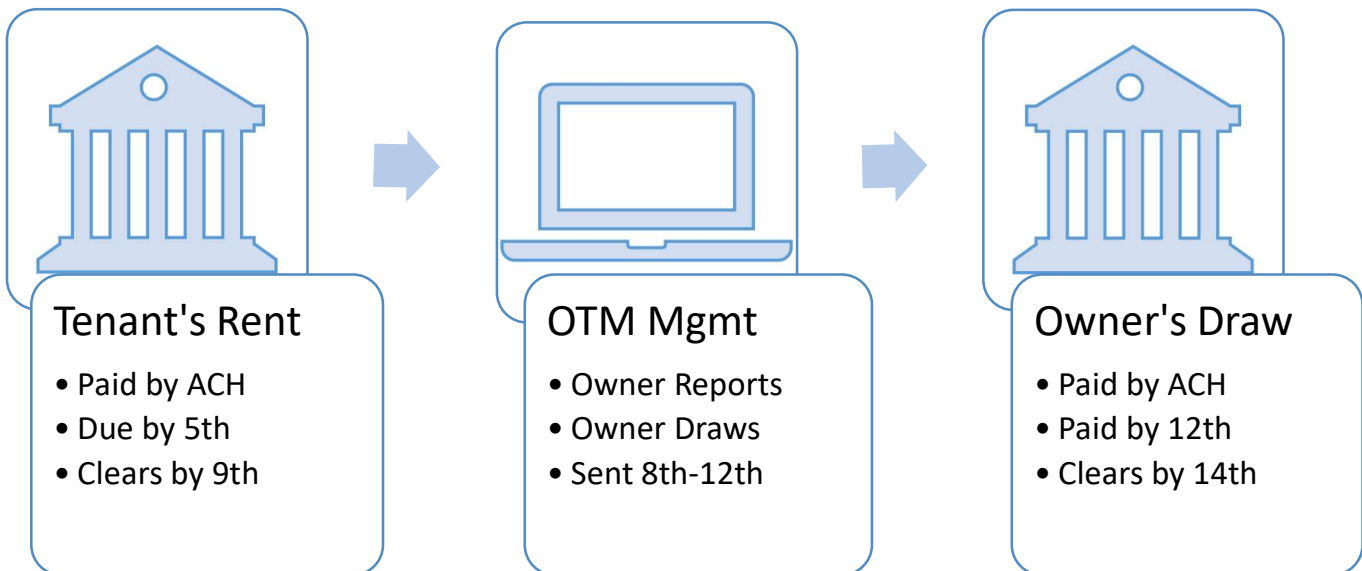
Owner draws will be sent on approximately the 8th to the 11th, and will be received by the owner by approximately the 14th of each month.

D. Reporting to the IRS (1099's)

The IRS requires that all professional property managers issue a 1099 to them (and you) by January 31st of each year for any money we collected on your behalf from the tenant that year. Your monthly owner's report will account for most of your expenses on the property for that year, so you can show those expenses on your tax return.

Rental Payment Process

Runs thru our Property Management Software: Buildium



Managing the Property

A. Managing Maintenance Issues

Managing the physical condition of the property is one of our biggest tasks. This is where most of the stress comes from as we balance habitability and money issues. We have to be sensitive to mold, electrical problems, plumbing, ceiling fans, septic tank backups, rodents, dishwashers, A/C systems and the quality of

the air, the water, the gas and power. We will ensure that the property meets the criteria of the Utah Fit Premises Act.

B. Maintenance Priorities

Resident maintenance issues are handled in the order in which they are submitted, with the following response times as guidelines. Here is how we present this to our residents:

Category 1: Emergency Maintenance

Emergency defined: Anything relating to the property under the lease that is threatening to life, health, or the property, or as defined in the Utah Fit Premises Act. For fire (please call 911), flood, sewage backups, gas odors (please call gas company), broken water pipes, tree falling on house, and non-functional heating or cooling. **Target: 8 to 24 hours for service**

Note: during peak seasonal months, target response times for heat and air may be subject to delays due to contractor overload.

The Following are NOT Emergencies

Refrigerator out; locking yourself out of the house; power or gas off; a/c out when the property has two (2) a/c units; oven not working; water heater out. These issues may be inconvenient, uncomfortable, and aggravating, but they are not emergencies. ON THE MARK is not liable for loss of food caused by appliance breakdown or for damaged belongings due to water leaks. Please make sure that you have adequate renter's insurance to cover unforeseen personal losses.

Category II: Urgent Maintenance

Broken windows; plumbing repairs (not clogged toilets... see notes below); loose railings; wobbly decks; electrical problems. **Target: 3-6 business days for service**

Category III: Normal Maintenance

Appliance repair, garage repairs, leaky faucets. **Target: 6-12 business days for service**

Category IV: Non-Essential Maintenance

Fence repair, gutter cleaning, garage door remotes. **Target: 45-days for service**

Category V: Not a Habitability Issue

Window screens; broken blinds/shades; broken tree limb; missing door stopper; missing cabinet pulls; and loose hinges. **Target: Point these items out during next property condition check or bring up at lease renewal time. These items may not be approved for repair by the owner.**

C. Maintenance Spending Limitations

No one wants to give their property manager an open check book, and we don't want one. That said, we also can't contact the owner every time something needs to be repaired. The management agreement has a \$500 max on repairs we can order without waiting for your response (\$750 on HVAC, plumbing, and electrical repairs). As a practical matter, we exceed that limit from time to time out of necessity to save the owner money in the long run. A great example would be an after-hours plumbing call, or a Sunday A/C call, where weekend or holiday fees are higher.

Note: This spending limit does not apply to emergencies, move-in contingencies (cleanliness), or habitability issues. Occasionally, not often, there is a heavy storm, burst water pipes, flood, fire, A/C out in

95-degree weather, heat out in 35 degree weather, sewer backup, etc., and we must respond immediately. We will sometimes have to make a “command decision” based on the information we have, and the situation in which it comes up.

D. Minor Maintenance Issues

Before the tenant moves in, they agree to handle regular, everyday issues around the house themselves like flipping GFCI switches, resetting garbage disposals, cleaning hair out of drains, etc. Some tenants are accustomed to living in an apartment community with maintenance personnel around to change their light bulbs and help them move the grill. We’ve dealt with this long enough to know what we can pass on to them and what we should respond to.

E. Lawn Care

We would love to assure you that tenants will keep the lawn manicured like you did, but in reality, we cannot. While the lease states that the tenant is responsible for mowing, trimming, weeding, and maintaining flowerbeds and shrubs, most tenants do not think like owners in this regard. As with cleaning, everyone has their own level of what is acceptable. The real problem is when there is an active HOA assessing the condition of the yard.

If you are concerned about lawn care, we can always hire a yard care maintenance company, and charge the tenant increased fees, though that can reduce interest in the property.

F. Property Condition Checks & Assessments

We do quarterly Property Condition Checks throughout the year, with a focus on checking the plumbing, as this is the area where a \$50 repair now can prevent a \$15,000 repair later. We also do one annual Property Condition Assessment by appointment with the tenant. This Assessment is completed before any sort of lease extension or renewal is approved. The owner will receive a complete report from this assessment.

G. Home and Builder Warranties

Many home warranties are a challenge for professional property managers. When an owner puts us in charge of maintenance and then transfers some of that duty to another company, it can quickly get out of hand. Home warranties were designed for owners who live in the property and who will cooperate with the warranty company vendors. Tenants aren’t quite as responsive, and some warranty companies aren’t either, so their calls are hard to manage and cause lots of tenant hostility. You’re paying us to manage maintenance, so let us do it for you. If an owner has purchased a home warranty, we will work with them – but there will likely be an additional \$45 Warranty Oversight Fee per occurrence for the added work.

There are a few exceptions, as we’ve had some great experiences with a few home warranty companies who communicate well and clearly, and get repairs done completely and quickly. Should you purchase a home warranty through one of our Preferred vendors, there will be no additional fee.

Preferred Home Warranty Companies:

- IBEX Home Warranty (www.ibexhw.com)
- Elevate Homescrptions (www.elevatehomescrptions.com)
- Silverback Home Warranty (www.silverbackhw.com)

H. Regular Maintenance vs. Replacements, Renovations and Remodeling

Clearly, we are responsible for overseeing normal maintenance breakdowns and regular repairs as a part of our management fee. We separate these issues from the larger projects of renovations, full re-paintings, replacing carpet, roofs, siding and appliances. All property managers put limits on what they do for their monthly fees, and we add 10% to cover the cost of getting multiple quotes and/or ongoing oversight on these larger jobs, as they often take longer.

Managing the Tenant

A major part of our job is interacting with the tenant. We believe the more you know about how we manage tenants, the better you'll appreciate and enjoy the benefits of your anonymity. Our motto for the tenants is "clean and safe." Here are just a few topics for discussion.

A. Lease Length

As the Utah rental market is highly seasonal, we recommend leases that end in the peak spring/summer season, when both demand and therefore lease rates are the highest. Depending on when the property becomes available, we will sign 12-18 mo leases, that end in that peak season. This gives the owner flexibility in a number of different ways: 1) They can raise the rent at lease end, 2) They can replace the tenant, 3) They can move back in, or 4) They can sell the home.

B. Lease Extensions

While our leases do extend automatically on a month-to-month basis, we discourage this with an automatic 10% increase built into the lease. Rather, we want our tenants to renew with a 12 mo lease. In the rare occasion that they just need a little more time, and that timeframe still ends during peak season, we will do a 1-3 mo extension.

C. Rent Increases

We review the market at every lease end, with an eye to both keeping good tenants, and increasing rent. We will look at market conditions, vacancies, and needed repairs in making that decision.

D. Lease Renewal

The last thing you want is a vacancy. We work all year to get our tenants to renew and we celebrate when they do: Target Achieved! The renewal fee is \$75.

E. HOA Challenges

One of the challenges of being a landlord, is an overactive HOA board. If owner dues are not paid, or if a tenant violates their rules, they can assess fines and file liens against the owner. To avoid these, we suggest you set up auto-pay from your account for your HOA dues (one of the few things we don't do for you), and send us a copy of the HOA rules, so that we can inform the tenant. Only then can we hold them accountable to follow those rules.

Let us know immediately if you get a letter from the HOA with a complaint about the tenant, and forward a copy of the letter to your manager, so they can quickly and clearly address the issue with the tenant. Even better, add us as an additional interest for all communications.

Managing the Move-Out

A. Before the Move-Out

In managing rentals there are five kinds of move-outs depending on the circumstances:

1. Normal Scheduled Move-Outs

Normal Scheduled Move-Outs account for about 90% of our business. Once they give us notice to move we will be communicating with them, and with you, right up to the day of the move-out inspection to make sure they keep utilities on; return keys, garage door openers, community keys and passes; and remove all personal property. We give them lists of things to think about so they can avoid fines and earn back their security deposit. Our priority is to get the property back in rent-ready condition. Most renters want their deposit back and pay close attention to these issues.

2. Early Terminations

Occasionally people get transferred, or buy another home, before their lease ends. There is an early termination fee in the lease that allows the tenant to move early by paying a \$500 penalty up front. This will allow us to put the home on the market again on the tenant's behalf. During the time the home is on the market to find another tenant – the current tenant is still under the lease agreement and is obligated to pay rent, keep the utilities on, and the home maintained. Once a suitable replacement tenant is found, the old tenants lease can be terminated early with their security deposit being refundable. We'll notify you immediately if a tenant would like to exercise the Early Termination Clause.

3. Skips and Abandonment

On the very rare occurrence, we find a property abandoned. Usually we discover it when we're posting a 3-Day Pay or Quit notice. Often the utilities are off and sometimes there's personal property left behind. When this happens, we'll make a decision about whether we take immediate possession or need to go through the eviction process to gain back control of the home. We will notify you immediately with the intent of keeping you informed.

B. During the Move-Out

After the tenant has moved out, we will conduct a detailed assessment of the home to include pictures and video. Often, carpet stains or excessive damages to the walls don't show up well on photos. Videos will usually highlight things a lot better, and can be stored on YouTube as "Owner Walk Thrus" with no shelf life.

This procedure puts us in a good position to defend any necessary charges. The move-out assessment in most cases will take less than an hour, depending on how much damage needs to be recorded. If we are charging the tenant thousands of dollars for damages, we need to go overboard to document it with photos and videos in preparation for proving the charges to the tenant, or in rare occasions - the judge.

C. Normal Wear and Tear

Landlord tenant laws prevent landlords from charging renters for "normal wear and tear" on the move-out deposit disposition. This can be subjective, so we do our best to honor both viewpoints.

D. After the Move-Out

Utah law gives landlords thirty days, from the end of the lease term, to send the deposit disposition and refund any remaining security deposit (or, in rare cases, a bill for amounts owed). The deposit disposition will detail all the charges they owe, including unpaid rent, late fees, NSF fees, damages to the property, etc.

Sometimes tenants dispute the charges, and we will provide documentation and photo or video evidence to support those charges. On very rare occasions, when the tenant has other evidence, or just to smooth things over, we will credit a charge back to them.

Managing the Separation

There will come a day when we decide to part ways. Eventually everyone does. Since it is inevitable, we want it to be a smooth and orderly transition. Because there are license laws and security deposit funds involved, we have to do this accurately. We have forms and checklists for this process so we don't miss a thing.

A. Separating in the Middle of a Tenancy

Either party can initiate a separation. In doing so, the party that wished to terminate the relationship is obligated to provide a 30-day written notice. If a tenant is already in the home under a current lease agreement, all documents and funds can be handed over to the owner, or to a new property manager. There are no refunds offered for early termination. The best time to terminate is between tenants to cause the least amount of confusion for all parties involved with security deposits and other funds.

B. Separating with Cause and without Cause

Either party can initiate a separation. However, there are two sets of circumstances that generate a separation. One is "for cause", meaning one of us is unwilling to fulfill their agreement and the other is unwilling to continue to tolerate it. As an example: if we don't manage as we agreed, and you call us on it, we must be given the opportunity to correct the problem. If we don't, then you should be able to sever our relationship without penalty. The second is "without cause", meaning there is no contractual reason to separate, just a need to part company. If that takes place, there may be some consequences as we are both counting on each other to fulfill the agreement.

C. Landlord Exit Fee

Regardless of when or why it happens, there will be a \$100 one-time Landlord Exit Fee for turning over all documentation, accounting for all funds, archiving all files, and forwarding any information required to the Owners and/or the tenants. All files and accounting are required to be archived for seven years.



FEE DISCLOSURE

Ordinary Fees

GET STARTED

- \$300 Set Up Fee *(*Includes photos, video tour, and dimensional floorplan)*
- \$300 Initial Reserve *(*\$300 on signing, remainder from rent)*

ONCE RENTED

- \$75 Renewal Fee *(*When Tenant renews their lease)*
- \$200 Leasing & Advertising Fee *(*If a new Tenant is needed)*
- 10% of Rent Monthly Management Fee *(*min \$125/unit)*

MAINTENANCE OF PROPERTY

- \$500 Max Maintenance Authorization *(*\$750 for HVAC/Plumbing/Electric)*
- \$500 Full Reserve *(*\$300 on signing, remainder from rent)*
- \$37.50/mo Owner Benefits Package *(see pg 8)*

Out of the Ordinary Fees

ONCE RENTED

- \$25/lease Temporary Lockbox *(*if preferred over provided permanent lockbox)*
- \$75/hr Management Hourly Fees *(*After hours at Time & ½)*

MAINTENANCE OF PROPERTY

- \$75/hr Maintenance Oversight *(*of Owner's 3rd party contractors)*
- \$45 Home Warranty Repair Oversight *(*excl preferred)*
- \$75 Additional Property Cond. Assessment *(*if desired)*

FINANCIAL MAINTENANCE

- \$39/mo +10% Overdrawn Owner Account Fee *(*past 30 days)*
- \$35 Utility Connection Processing *(*If disconnected by Owner)*

ENDING OUR AGREEMENT

- \$100 Landlord Exit Fee *(*Upon written notice of termination)*
- \$500 Additional Reserve *(*Upon notice of termination or sale)*
- \$200 Early Termination Fee *(*If marketed, but not yet leased)*
- \$975+8% ILT Cancelled Mgmt Fees *(*If w/in Initial Lease Term (6 mo), 8% of prorated ILT)*
- 8% of Rent Cancelled Mgmt Fees *(*If after Initial Lease Term)*

SALE OF PROPERTY

- \$2,000 Buyer Finder's Fee *(*When unlisted, and occupying Tenant purchases)*
- \$495 Sale Transaction Support Fee *(*When listed with a Realtor on the open market)*
- \$FREE All Sale Fees Waived *(*When listed with Manager's Affiliated Home Sales Company)*