

105 Crayton Street Anderson SC 29621

FOOTHILLS PROPERTY MANAGEMENT

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Properties we specialize in managing:

- Residential
- Commercial
- Vacation

OWNER MANUAL

Upstate South Carolina:

105 Crayton Street
Anderson, SC 29621
Phone: (864)760-0661
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WELCOME

We Specialize in Managing Single Family Homes

Thank you for choosing Foothills Property Management of Anderson, LLC (FPM) to manage your investment. We are aware that you had many choices and we appreciate that you have chosen us as your property management company.

FPM works to achieve the highest level of professionalism in property management services. We have prepared this owner manual to assist you in a successful business relationship with our company. We urge you to take the time to review the information enclosed. We feel this will clarify many of the procedures for our Property Management services. Please contact us immediately if you have any questions, using the company contact information provided in the following pages.

Special note: the information provided in the *FPM Owner Manual* is subject to change. Landlord/tenant laws, personnel, policies, and procedures change from time to time. FPM works diligently and continually to improve services and personnel training and remain current with all landlord/tenant legislation.

Once again, thank you for choosing Foothills Property Management of Anderson, LLC as your property management company. We look forward to a successful business relationship.

GETTING STARTED

Initial site visit

A FPM property manager must visit your property before we can price it or agree to manage it. The site visit must include a walk-through of the property.

Proposal

Immediately following the initial site visit, FPM will assess the market rent survey of rentals for comparable properties in the area and make available to you a management agreement and various property intake forms.

The management engagement begins

We must receive two things to begin the management engagement:

- A signed management with intake documents completely filled out.
- A key to the property.

Property survey

When we have received the management agreement and keys, we will survey the property. FPM does this to ensure that we can accept the risk of placing a tenant in the property and that the property is ready to market.

When we survey the property we will:

- Test all electrical circuits
- Verify that all light fixtures work and have light bulbs
- Verify that all appliances work
- Verify that the furnace and air conditioner work
- Verify that all plumbing fixtures work
- Verify that windows are operable
- Verify that all utilities are turned on
- Look for obvious structural defects
- Verify that the property is in white glove showing condition inside and out
- Verify that the property meets FPM requirements for move-in condition.

Necessary work is completed

After the property survey FPM will send you a report of our findings. Sometimes the property is ready to market and needs no work at all. Sometimes extensive work is needed. If work is needed, we will send you a list of repairs along with our bid to complete the work. You may choose to have FPM complete the work or you may complete the work yourself.

The property is marketed

After the property is both safe for tenant occupancy and ready to market, we will take photographs, place a sign in the yard if permitted by HOA regulations, and market the property.

OWNER DOCUMENTS

A copy of your management agreement with various intake documents is provided to you along with the FPM *Owner Manual*. Refer to it as needed and keep it with this information for a handy reference.

It is important that FPM receive all critical information as we begin management. You may have completed the documents listed below. If not, we need you to fill out and return the following documents.

Management Agreement

Under South Carolina law we cannot manage your property unless authorized by you to do so in a management agreement.

Owner information

This information enables FPM to set up your account.

W-9

This form enables FPM to send you a Form 1099 for preparation of your taxes.

Lead-Based Paint Addendum

This information ensures that any lead-based paint hazards are disclosed to FPM.

Utility and School Information

This form ensures that FPM has all current information on the property.

As management continues, information can change. We have several forms for your convenience. These forms and a copy of this manual may also be downloaded from the Owner page on the company website.

Change of owner information

Notify FPM of any important change when it happens – address, telephone, fax, email, etc.

Owner work order authorization

For larger projects, this form authorizes us to perform specific work on the property.

Owner vacation notice

This is for notifying FPM when you will be unavailable for more than two weeks so that FPM is prepared in the event of an emergency.

FOOTHILLS PROPERTY MANAGEMENT OF ANDERSON, LLC

Foothills Property Management of Anderson, LLC is a property management company operating in Anderson, South Carolina specializing in full-service property management. The company began operating in 2010 and is actively involved in the Anderson community.

Foothills Property Management Mission Statement

The mission of FPM is to provide quality service in property management in and around the Anderson area. FPM focuses on constantly demonstrating integrity and professionalism in all aspects of the business.

FPM COMMUNICATION

Communication is a key to success in any relationship and the FPM/Owner relationship is certainly not an exception. We work constantly to improve communication with all of our clients and prospective clients. This includes everyone – owners, tenants, applicants, vendors, buyers, sellers, and the public.

FPM staff members communicate by:

- Telephone
- Fax
- Email
- Written correspondence

Company website

FPM stays current with business technology. The FPM website, www.foothillspm.com, has proved to be a tremendous asset. Here are a few of the benefits for clients on the FPM website:

- Prospective tenants can search our site for available rentals; all other online advertising links back to the FPM website.
- Prospective tenants may view and print the lease application.
- Tenants pay rent online.
- Tenants may make maintenance requests online.
- Tenant forms, such as the tenant handbook and notice to vacate forms, are available online.
- To pay for emergency repairs, owners may send FPM funds instantly on the website via Paypal.
- W9 form
- Owner lease based paint addendum
- Utility and school information
- Work order authorization form
- Owner vacation notice
- Owner change of information form

Documentation

Upon request, each owner via email, fax or U.S. mail will have access to the management agreement, current leases, monthly reports, approved work orders, all invoices and receipts for which the owner is billed, and any photographic or written reports delivered to the owner.

Foothills Property Management: General Office Information

Address information

105 Crayton Street
Anderson, SC 29621

Emergencies

Call: (864) 760-1664

Communication

Phone: (864) 760-0661

Fax: (864)760-1661

Email: Info@FoothillsPM.com

Website: <http://www.foothillspm.com>

OWNER COMMUNICATION

Communication works both ways. It is important that you let us know any significant change that can affect your account. FPM needs to know when you are moving, if you have a problem with your account, if your social security number has changed to a tax ID, or any questions or other important information. To assist in communicating any changes to us, we have provided the Change of Owner Information form on our website that is easy to use.

Email

FPM encourages all owners to use email to contact us. It is fast and effective. Please supply us with your email address on all the FPM forms. We will enter your email address in our database.

Special note: When using email, we request that you put the property address in the subject line. This helps us identify the importance of your message and avoids oversights or deletions of messages.

Owner vacation notice

FPM respectfully requests that owners notify FPM of vacations that are two weeks or more. Another alternative is to inform your emergency contact listed on the Owner Information Form. The purpose in asking for this information is to ensure FPM is prepared in the event of an emergency repair or major problem concerning the owner's property and/or tenant. A convenient Vacation Notification Form is available to download from the FPM website on the "Owners" page.

OWNER RESPONSIBILITIES

A successful business relationship must engage both parties. At FPM, we take our management responsibilities seriously and request that owners do the same.

Owner responsibilities are:

- Maintain property in a condition that is marketable and habitable.
- Notify FPM of any ownership change or imminent owner change for the managed property.
- Supply FPM with accurate information so FPM can service the management account properly.
- Review statements monthly and notify FPM of any discrepancies found as soon as possible.
- Review statements monthly for inaccurate or missing deposits and notify FPM immediately of any problems.
- Support Fair Housing Laws and guidelines as well as all necessary legislation.
- Maintain a current insurance policy for the property and provide FPM with current declarations page.
- Review property insurance yearly and update us as needed.
- Treat FPM personnel with courtesy. Notify Maranda Hunnicutt directly if there are problems with FPM personnel so they can be resolved quickly.

THE SCOPE OF PROPERTY MANAGEMENT

What is included in FPM property management services?

We want you to know what FPM does for you as your property management company. Therefore, FPM has outlined our policies and procedures in the pages of this manual. There are so many details to managing property that we can include only the highlights in this manual. If you have additional questions, please feel free to contact us.

What is not included in FPM property management services?

Some tasks go beyond the normal scope of property management or require additional fees. The property management fee does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, counseling, or attending Homeowner Association meetings.

If you have any questions on what is or is not included in property management, please let us know. We have more information on additional services later in this manual.

COMPANY POLICIES

It is very important in that professional property managers follow local, state, and federal legislation and guidelines. Our company takes pride in our industry, and we further implement guidelines and policies of several organizations, such as the National Association of Residential Property Managers (NARPM), and the National Association of Realtors (NAR®). Additionally, we train all personnel by requiring them to read and follow the FPM Property Management Policy and Procedures Manual and FPM Employee Manual.

South Carolina Real Estate Commission requirements

The South Carolina Real Estate Commission requires licensing for all principals conducting property management and real estate sales in our state.

Drug-free policy

FPM has a drug-free policy for all personnel, vendors, and tenants. FPM incorporates this policy into FPM rental/lease agreements, tenant, personnel, and vendor documentation.

Legislation

FPM adheres to the laws and guidelines of federal, state and local legislation, and incorporates this into all documentation, policies, and procedures. Here are some examples:

- Fair Housing (HUD)- FPM supports and follows Fair Housing laws and guidelines
- Equal Opportunity- FPM is an Equal Opportunity employer
- SCRA Act- Serviceman's Civil Relief Act, which has replaced the Soldiers' and Sailors' Act of 1940.
- SCLTA-South Carolina Landlord Tenant Act
- FCRA- Fair Credit Reporting Act

Lead-based paint

Lead-based paint became a major issue in the 1990s that prompted mandatory requirements for residential housing and continues today. FPM follows all mandated federal and state guidelines for lead-based paint. All properties constructed prior to January 1, 1978 require disclosures to all tenants and owners. Tenants sign lead-based paint disclosures prior to renting a property and FPM provides them with the required EPA

Pamphlet, *Protect Your Family from Lead in the Home*. Property owners and/or property managers must notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property.

ANSWERS REGARDING FUNDS

FPM recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by FPM is specialized software designed to handle the many facets of property management. The system ensures accurate record keeping and complies with the requirements of the South Carolina Real Estate Commission.

Money flow during the lease cycle

For the term of the lease, FPM receives 10% of the rent as a monthly management fee and the owner receives the balance of 90% of the rent, less any expenses FPM has paid on the owner's behalf, usually for repairs or utilities on vacant properties.

Disbursement of monthly funds

FPM disburses available funds to owners on the 15th of each month. If this date falls on a weekend or bank holiday, FPM issues funds on the next business day. If rent is received too late for the owner's funds to be disbursed on the 15th, the owner payment will be made on the next payment cycle.

Monthly statements

On the 15th day of each month FPM will mail monthly reports and paid invoices, if any, to each owner. If you have difficulty reading your monthly statement, please contact us.

End of year procedures

At the end of each year, FPM is required to file 1099s for owner clients who receive income over \$600. Security deposits are not included in this amount.

You will need to supply FPM with your tax ID number (Social Security Number or EIN) so we can issue you a 1099; we include a W9 form with your management agreement for this purpose. FPM will send you the 1099 by January 31 for the previous tax year. If there is a change in your tax information such as a changed address or a change in the entity that holds title to the property, please notify us with the Owner Change of Information form and updated w-9.

FPM also issues 1099s for disbursements to vendors for payments over \$600.00. Therefore, owners do not have to issue 1099s for work completed and paid through the FPM trust account. Owners are responsible for issuing 1099s to any vendor paid through the owner's personal account.

FPM prepares a final year-end statement which reflects total amounts for income and expenses that have transpired throughout the year, such as management fees, leasing fees, landscape, utilities, repairs and maintenance, etc. The amounts will not reflect any funds issued through the owners personal account. Owners may submit their FPM final year-end statement to their tax preparer along with other information for income tax reporting. FPM does not issue statements to the owner's tax preparers other than our 1099 and our final year-end statement.

RENTING YOUR PROPERTY

Preparing to rent the property

When prospective tenants view your property, FPM wants the property to look its best and be able to compete with area rentals. A property maintenance report and rental market survey is completed. The FPM management team will contact you to discuss the details of your property and any necessary maintenance.

Requirements for property condition

FPM markets only homes that are in proper showing condition and are fully repaired. Before FPM will market a home, the following requirements must be met:

- Carpets, if any, must either be professionally cleaned or appear to have been professionally cleaned.
- All interior paint must either be freshly painted or appear freshly painted.
- The home must be in broom swept condition.
- All major systems must be operating (electrical, plumbing, gas, HVAC).
- All appliances included in advertising must be installed and in operating condition.
- All utilities must be turned on.
- Landscaping must be in good condition.
- All work identified in the property maintenance report must either be completed (if owner completes the work) or fully funded and underway (if FPM completes the work).

When a tenant moves into a home that is rent-ready, we have an opportunity to begin the landlord-tenant relationship with mutual respect and trust. On the other hand, nothing sets a tenant against the property, the owner, and the manager more than moving into a home that is not ready. It is like checking into a hotel room that has not been cleaned. The relationship with the tenant can become polarized and adversarial from the very beginning. When this happens, the landlord/tenant relationship frequently never recovers.

Tenants who rent with FPM expect to take possession of a property that is ready to be lived in. FPM is committed to delivering to tenants what we promise: a property that is move-in ready.

Why has my property been cleaned more than once?

FPM often finds it necessary to clean a property more than once prior to tenant move-in, and owners sometimes ask why this is necessary. If the property was completely clean and move-in ready six weeks or six days prior to tenant move-in, how could it possibly need maid service again?

Here are some of the reasons:

1. When a property is vacant for an extended period, dust enters and settles and the property simply becomes dirty again.
2. Various kinds of insects become more active at certain times of the year; spiders, for example, are very active in the fall. When a property is vacant, spiders, ants, cockroaches and many other kinds of insects will make inroads and cause the property to need cleaning.
3. Various small creatures tend to enter vacant homes and die. These may include insects of all kinds, lizards, rodents, and birds. Dead creatures in the home can be very upsetting at move-in.
4. Frequent showings and occasional use of the bathroom may be enough to create the need for cleaning. Imagine if a popular property were shown five times during a week of heavy rain to groups of people, many of whom use the bathroom.
5. If vendors have been in to repair the home, it may need to be cleaned again. In an ideal world, every vendor would leave a pristine home as clean as he found it. In reality, carpenters, plumbers, electricians, appliance delivery services and the like are not prepared to do serious cleaning after they have completed the work they were hired to do.

Setting the rent

Supply and demand determine rent. If there are multiple rentals available in the area of your property, it is necessary to be very competitive. If very few are for rent in the same area, it will be easier to rent the property. Markets change and FPM advises owners on the current rental market.

How long will the property be vacant?

This is the most commonly asked question FPM receives from owners. Unfortunately, there is no way to predict how long a property will remain on the market, even in the best market conditions. However, FPM works diligently to rent the property as quickly as possible. Bear in mind that the most important objective is to obtain a high-quality tenant. It is hard to overstate the high cost of a low-quality tenant.

MARKETING

Signage

FPM displays For Lease yard signs prominently, unless prohibited by neighborhood covenants, and each sign carries our office phone number and website address. Yard signs promote calls and website visits.

Internet marketing

FPM prides itself on effective internet marketing. Each rental property has a page on our website, <http://www.foothillspm.com>. The FPM website has rich information on each property with photos, maps, property description, and instructions about how to request a showing appointment and how to apply.

In addition to our own website, FPM markets properties on a variety of paid and free websites. FPM's marketing staff is on the internet every day and pay close attention to which rental home websites attract the most visitors. FPM markets our rental homes on the most-visited websites. Trends in internet advertising change rapidly and our selection of marketing websites changes with the market.

Print Media

FPM has found that internet advertising is far more cost-effective than print media advertising. We do not recommend print advertising and only participate at last resort.

Showings and applications

The FPM property managers provide keys available for check out to interested tenants. Tenants contact us by email, telephone, or stopping by our office. To ensure prosecution if keys are copied or not returned, we obtain a copy of their driver's license, require a one hour key rental time limit, and obtain pertinent information on a key rental form.

FPM has the rental application available online to view or print.

We are prepared to execute leases with approved tenants very quickly by FAX and email. Using the internet, we have leased properties sight-unseen to qualified out-of-state tenants many times.

PROCESSING TENANT APPLICATIONS

Tenant screening

Thorough screening is crucial for successful property management. FPM requires all applicants to fill out a detailed application and submit it for processing and approval.

For each tenant, we examine the following:

- Criminal background report
- Report of previous evictions
- Employment verification
- Income verification
- Rental history

All applicants must submit verifiable information on their income to show that they can support the rent payment. Rental history or previous home ownership is carefully checked. The credit report, criminal background report, rental history, and proof of income together provide the criteria to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet.

Cosigners

There are sometimes conditions that may warrant taking a cosigner on a property. For example, we have successfully leased homes to students who had well-funded parental cosigners. If this is the case, FPM will notify the owner, discuss the reasons, and obtain owner authorization.

Pets

If an owner authorizes a pet, FPM requires an additional non-refundable fee. This fee is \$150 for pets under 40 pounds and \$300 for pets over 40 pounds. This fee is due prior to move-in and goes directly to the owner of the property. FPM does not use the term pet deposit. By avoiding this terminology, FPM can use the amount of the entire security deposit if there is pet damage.

Many tenants have or want pets. It is legal for property owners to discriminate against pets. You may wish to do so. However, whether you have or have not decided to allow a pet in your property, the FPM application has a place for prospective tenants to list pets and how many. It is important to encourage full disclosure on pets while evaluating an application. If you do allow pets, FPM will not place inappropriate pets in a property.

FPM recommends to owners that when the property is on the market, pets are negotiable. This can solve two problems.

1. First, this encourages prospective applicant to disclose any pets. Then, based on the owner preference on pets, FPM can automatically notify the applicant that the owner does not allow pets.
2. Second, by listing pets as negotiable, it avoids eliminating an excellent tenant who has an excellent tenant history and owns a pet that is suitable to your property.

Service animals

Service animals for handicapped persons are NOT pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service animal. Fair Housing legislation does NOT allow owners or property managers to collect deposits of any kind for service animals.

However, Landlords can still process applicants who are handicapped or disabled on the same criteria as other applicants: income, credit, and tenant history. If they fail to qualify in these areas, the landlord/manager can still deny the application, handicapped or not.

TENANT MOVE-IN

Rent and security deposits

Prior to taking possession of the property, FPM requires tenants to pay all fees including the security deposit (usually equal to one month of rent), to pay first month's rent, and also to provide proof that the utilities have been switched into their own name.

Lease

Once FPM receives funds, a lease with the applicant is completed. All persons 18 and over, including adult children, are required to read and sign the lease. If the accepted applicants are a foreign nationality and cannot read and understand the documentation, they must supply an interpreter of legal age for signing the rental/lease agreements.

Move-in inspection

A vital part of the rental agreement is a detailed move-in inspection performed with the tenant, documenting the condition of the property when they move in. Unless extenuating circumstances prevail, the FPM leasing agent completes the move-in inspection with the tenant before the tenant takes possession of the property. The move-in inspection documents the condition of the property. When the tenant moves out of the property, there is a sound basis for the security deposit refund. FPM also documents the move-in with digital photos.

Tenant education and preparation

Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Additional forms that the tenants may need are available on the FPM website. FPM wants both owners and tenants to be well informed.

WORKING WITH YOUR TENANTS

Collecting rent

Rent is due on the first day of the month and late if received after the 5th day of the month.

When rent is not paid

If FPM does not receive rent by the due date, FPM prepares and delivers a demand letter. The demand letter notifies the tenant that their rent is delinquent and asks them to pay in full within three business days.

If FPM receives the rent prior to issuing owner funds, FPM does not contact the owner unless the FPM management team determines there is an ongoing rent issue.

If the rent is not paid prior to issuing owner funds, we file a Rule to Vacate at the county courthouse. Very few of our Rule to Vacate actions result in a physical eviction. However, it is an effective tool to let tenants know that the rent must be paid. In most cases the tenants simply get current with their account and the Rule to Vacate is disposed. In the rare event that a tenant does have to be evicted, prompt filing of the Rule to Vacate minimizes the time an owner has to carry a non-paying tenant.

Evictions

If an eviction is necessary, FPM handles every part of the process. We will file all necessary documents, monitor legal proceedings, attend court if necessary, hire a crew to perform a set-out with the Sheriff, and prepare the property to be marketed to a new tenant. Professional and correct legal action by a property manager both reduces the owner's expense in an eviction and avoids the risk of a lawsuit for wrongful eviction.

Notices of violation

FPM serves notices as situations warrant, such as a notice to clean up the landscape, a notice to enter the property, a notice to perform survey/inspections, a notice regarding an illegal pet, illegal tenants, etc. These tenant violations may be in the form of a letter or a legal Notice form. Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, FPM contacts the owner with the information to discuss the situation.

Tenant problems

FPM has experience handling the wide range of tenant difficulties that may occur. The FPM policy is to obtain good tenants, eliminating many tenant problems. However, even good tenants can have problems. FPM treats each problem with a common-sense approach, follows South Carolina landlord/tenant Act, and uses the appropriate documentation. If the situation is serious, FPM contacts the owner and works to find a solution for the problem.

MAINTENANCE

Preventive maintenance

The best approach to maintenance is preventive maintenance, and this is the FPM policy.

First, FPM has already started with educating the tenant by:

- Completing a detailed lease which outlines tenant responsibilities regarding maintenance as well as owner obligations.
- Completing a move-in inspection documenting the condition of the property before the tenant takes possession.

- Supplying tenants with the FPM *Tenant Handbook*, which provides additional instructions on the care of the property and how to request maintenance

We want the tenant to know from the beginning of their tenancy how FPM expects them to care for the property. This approach can prevent costly maintenance.

Next, we use preventive maintenance techniques when work is required and utilize competent contractors. Often minor expenditures save the most money such as doorstops, new filters, checking appliances, testing smoke alarms, adjusting doors, window latches, deadbolts, and more. Many small repair items can prevent maintenance that is more expensive.

It is equally important to keep up with maintenance while the tenant occupies the property. Often people think no news is good news; this can be just the opposite. Instead, delayed news can become very bad news.

FPM management will contact owners regarding maintenance above the limit that is listed in the FPM Management contract unless the situation is an emergency.

Emergencies

When an emergency occurs, FPM has policies in place for the property and tenants. FPM notifies the property owner as soon as practical. The nature of the emergency determines the action needed by FPM.

There are times when a property manager must act in order to prevent great financial risk to the owner. For example, when a property has flooded, action is necessary, particularly if the property owner is not immediately available.

WHEN THE LEASE IS EXPIRING

Communication with owners and tenants

Sixty days prior to the expiration of a lease, FPM notifies the owner in writing. FPM asks for the owner's instructions: Shall we invite the tenant to renew for another year, or give the tenant notice that the lease will not be renewed? If we do not hear from the owner within two weeks, we assume the owner wishes us to renew the current tenant if possible.

Thirty days prior to the expiration of a lease, FPM invites the tenant to renew if the tenant's account is in good standing.

If neither the tenant nor the landlord gives notice of termination 30 days prior to the expiration of the lease, the lease will automatically go month-to-month and \$25 will be added to the rental amount. If FPM receives no instruction to the contrary from the owner, the tenant will be allowed to stay month-to-month.

WHEN THE TENANT VACATES

Notice to vacate

When there is a notice to vacate, the move-out procedures with tenants are as critical as when FPM moves in a tenant. The preparation for this really began when the tenant moved in with a detailed rental agreement, maintenance exhibit, walk-through, and FPM *Tenant Handbook*. All of these documents gave instructions to the tenant on how to move out.

Tenant move-out

FPM conducts a walk-through similar to the one performed when the tenant moved into the property. FPM records any maintenance required and discloses a list of damages to the vacating tenant. Digital photographs are taken when the tenant moves out to document the condition of the property and support any deductions from the security deposit.

After assessment of the tenant move-out, FPM advises owners of any tenant damages or any maintenance required to re-rent the property.

Security deposit refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with South Carolina law.

Owners receive a copy of the transmittal with their monthly statement, showing any deductions and monies refunded.

Collections

If the tenants have an outstanding balance, FPM will refer the matter to a qualified consumer collection service. FPM management does not include recovering tenant damages, but leaves this to companies with expertise in debt collection. FPM will supply consumer collection companies with the necessary documentation needed.

ADDITIONAL SERVICES

The following are additional services offered by FPM to each property owner. They are not included in the fees for managing the property.

Annual inspection

FPM maintains properties as part of their property management services. This inspection goes beyond overseeing normal maintenance. A licensed home inspector performs this inspection, and the purpose is to check the property thoroughly each year in order to perform necessary or preventative maintenance.

Extraordinary maintenance

Property management normally includes only routine maintenance. Large repairs and renovations are outside the scope of typical property management. FPM will bid out repairs when needed.

CANCELLATION OF MANAGEMENT

It is the goal of FPM to satisfy your management needs and engage in a successful business relationship, but all things do change over time. Owners sell properties; people give notices. When this happens, the FPM cancellation policy is to resolve your account in a professional, timely, and pleasant manner.

Please review the following policies for cancellation.

Written notice

The FPM management contract accepts a 30-day written notice by either party.

Your written notice must include your signature. You may convey this to us by U.S. postal mail, FAX, or a scanned document by email attachment.

Notice to current tenants

FPM will notify current tenants of the date FPM will no longer manage the property and that FPM forwards all security deposits to the owner.

It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

Distribution of documents

FPM will supply current tenant documentation to the owner.

If the owner has employed new management, FPM will forward documents, keys, and any other necessary materials to the new management upon request by the owner.

Final distribution of funds

FPM will distribute funds, including security deposits, and final statements to the owner within 30 days of the terminating date of management, as agreed in the management contract.

FPM will issue a 1099 for funds collected during the current tax year when the tax year ends.

CONCLUSION

We hope you have found FPM *Owner Manual* informative and useful. If you feel there is any other information FPM can provide, let us know so we can include it in the future. Thank you for your business. We appreciate it very much.

Key points

FPM will notify current tenants Management Fees

- Monthly management fee: 10% of the rent collected

Tenant Screening

- Credit report
- Criminal background
- Prior evictions
- Rental history
- Income and employment verification

State-of-Art Internet Marketing

- Each property has a page on our website photos, description and driving directions.
- Rental properties are marketed on a variety of free and paid websites.
- Rental applications are taken online.
- Leases may be executed via email and fax.

Owner Payments and Statements

- Owner funds are disbursed on the 15th business day of each month.
- Invoices, receipts and Owner reports are available via email.
- Owners receive a 1099 form at year-end for tax preparation.

Repairs and Maintenance

- Foothill's in-house maintenance staff can handle most repair issues your property may require.

SIGNATURE PAGE

I (We), _____ (print name(s)) understand and agree to comply with the policies and procedures outlined in this Owner Manual.

Date: _____

Owner Signature: _____

Co-Owner Signature: _____

Witness to Owner: _____