

# Thank you for choosing LSI Property Management!

*We know that you had many choices and appreciate that you have trusted us to be your property management company.*

**L**SI Property Management works to achieve the highest standard of professionalism in Property Management Service. To help us achieve that goal, we have prepared the Property Owner's Manual to assist you in maintaining an enjoyable, successful business relationship with our company. We urge you to take the time to review the information enclosed. We know this will further clarify many of the procedures for our Property Management services. After reading the material, if you have any questions or concerns, please contact your management team using the company contact information provided in the information to follow.

LSI Property Management forms have also been included with this manual. There are some that we will need you to fill out now, unless you have already completed them along with your Property Management Agreement and onboarding packet. There are also additional forms that may be of assistance to you in the future. Completion and use of these forms will assist our team in setting up and maintaining an accurate and complete account for you, our Property Owner partner, and your investment properties.

PLEASE NOTE: The information provided in the LSI Property Management Owner Handbook is subject to change without notice. Landlord/Tenant Laws, company personnel, policies, and procedures change according to events that take place- sometimes at little to no notice. Our team works diligently to continually improve our services, personnel training, and remain current with all Landlord/Tenant legislation so that you can rest assured your needs are properly taken care of.

Once again, thank you for choosing LSI Property Management as your property management partner. We look forward to a long-lived and successful business relationship.

Welcome Aboard,

*LSI Property Management*

## Personnel/Staff Information

LSI Property Management has a complete staff team available to assist you with all of your needs. We know that the most effective method for properly serving our property owners and tenants is "TEAMWORK". Together, everyone achieves more.

### Your Management Team

On the day you sign on with LSI Property Management, we assign a management team to your account. This team consists of a Property Manager, an Operations Manager, a Principal Broker, and our Owner Relations Manager. They each focus on the different tasks involved in showing your property, processing applications, reviewing tenant backgrounds and credit worthiness, renting, managing all the many facets of tenancy, and handling the details and legal requirements that come with renting your property. Your primary point of contact is our Owner Relations Manager, who is specifically dedicated to assisting property owners with their needs.

### Our Office Team

The office team supports all LSI Property Management personnel and management. They handle the everyday business of phone calls, accepting and processing applications, day-to-day office details, document preparation, and coordination with your management team.

### Our Sales Team

LSI Property Management's sister company, Luxury Realty is available to assist you in buying more investment property or selling your property when ready, including those requiring 1031 exchanges. A free market analysis of your property, or any other, is available at any time with no obligation. Please contact the Owner Relations Manager to help you with the information or services that you need.

*LSI Property Management works with many third-party Real Estate Brokerages. If you were referred to us by another broker, we will always honor that relationship. Therefore, when you decide to purchase additional properties or sell the ones that we are managing for you, we will notify your realtor and work with them to handle all your Real Estate needs.*

## Owner Communication

Here at LSI, we know that communication must work both ways. Just as we must communicate any changes and property or tenant issues with Owners, we need open communication from you, the owner of the property. It is important that you let us know of any significant changes that may affect your account or property. LSI Property Management needs to know if you have moved or have a change of mailing address, have an issue with your account, your social security number has changed to a Tax ID number, or any other important information that could affect the company's ability to efficiently manage your property and accounting for it. To assist in communicating any changes to us, we have provided the "Change of Owner Information" form with this manual, which is quick and easy to complete.

### Email:

LSI Property Management encourages all owners to use email to contact us. It is fast, available 24/7, and most importantly, it is effective. Not only is your email received at your local office, but it is also sent directly to our Owner Relations Manager. We will enter your email address into our database to be used for property- and tenant-related communications, statements, and questions.

## Owners Responsibilities

During our property management partnership, you are responsible for the following:

- Notifying LSI Property Management of any ownership changes or eminent owner changes for the managed property
- Supplying LSI Property Management with accurate information so we can service your management account and property efficiently and correctly
- Reviewing your monthly statements and notifying us of any discrepancies found as soon as possible
- Verifying that ACH deposits have been received by your bank
- Notifying us of any missing or incorrect deposits
- Supporting Fair Housing Laws and guidelines
- Maintaining a current dwelling insurance policy
- Exercising the communication and responsibility for required maintenance and safety of tenants, and
- Treating LSI Property Management personnel with respect and courtesy, and notifying the Principal Broker if you encounter issues with any personnel so that they can be resolved quickly.

## Scope of Property Management

We want you to know what LSI Property Management does for you as your property management company. Therefore, LSI Property Management has outlined important details on our policies and procedures in the following pages. There are so many details and aspects of managing property, that we can only include the basics in this handbook. If you have more questions, please contact our Owner Relations Manager.

### Code of Ethics

LSI Property Management follows the Code of Ethics outlined by NARPM and Association of Realtors and considers this a top priority in conducting business. Meeting these standards and adhering to these guidelines and expectations is a requirement of all of LSI Property Management personnel.

### Drug-Free Policy

LSI Property Management has a drug-free policy for all personnel, vendors, and Tenants. LSI Property Management incorporates this policy into our Tenant Leases Agreements, Tenant, Vendor, and personnel documentation.

### Legislative

LSI Property Management adheres to the laws and guidelines of Federal, State, and Local governments and incorporates this into all documentation, policies, and procedures.

Here are some of the agencies and laws that LSI Property Management must follow:

- Fair Housing (HUD)
- Equal Opportunity
- Serviceman's Civil Relief Act
- State Landlord/Tenant Act
- State Residential Landlord/Tenant Act
- Fair Credit Reporting Act
- Environment Protection Agency
- State Habitability Laws

### Lead-based Paint

Lead-based paint became a major issue in the 1990's and prompted mandatory requirements for tenant housing that persists today. LSI Property Management follows all mandated federal and state guidelines for lead-based paint. All properties built prior to January 1, 1978 require that disclosures be given to all Tenants and Owners. Tenants sign lead-based paint disclosures prior to renting a property and LSI Property Management provides them with the required EPA pamphlet, *Protect Your Family from Lead in the Home*. LSI Property Management then forwards the required disclosure to Owners. LSI Property Management complies with the EPA and has vendors certified in working on lead-based paint in homes. Property Owners and/or Property Managers must also notify Tenants, in writing, of any scheduled work necessary for lead-based paint on your property.

### Mold

LSI Property Management regards mold issues as a top priority and concern in our field. Owners should be aware that mold is another leading issue in the property management industry and failure to act if Tenants report or discover mold can lead to costly lawsuits. There have been several cases regarding mold that have resulted in millions of dollars of court-awarded damages to Tenants. This is an area of extreme liability and we take immediate action if a tenant reports mold. LSI Property Management will notify you of any mold issues as soon as possible, so that you can work with our team to take the proper actions.

### Your Account

When you enter into a Management Agreement with LSI Property Management Property Management, we establish an account for you and your property. Our team recognizes the importance of accurate and timely collection and disbursement of your funds. We use specialized software designed specifically for

property management to handle the many facets of our duties to you and our tenants, to ensure accurate record keeping. LSI complies with all federal and state level legislation and requirements, as well as state Real Estate Commissions.

### Banking

LSI Property Management holds tenant security deposits in a trust fund, as mandated by the Real Estate Division. LSI accounts for each owners' funds separately in the trust account and does not commingle those funds with LSI's operating funds, as required by law.

### Monthly Statements

LSI Property Management's monthly Owner Statements are posted to your online portal on our website along with any daily activity, work estimates and other documents. If you have difficulty reading your monthly statement or have any questions regarding the information in it, please contact our Owner Relations Director. We are happy to assist you and answer any questions you may have.

### Disbursement of Monthly Funds

LSI Property Management will disburse all available funds to you on or around the 10<sup>th</sup> of each month. If this falls on the weekend or bank holiday, we will issue funds on the next possible business day. Please note that LSI Property Management does NOT issue owner funds unless the rent has been collected and in the Bank Trust Account the required 3-5 banking days. This is done to prevent issues with dishonored tenant payments.

All funds are sent via ACH Direct Deposit. LSI Property Management will direct deposit your monthly income to your bank account and post your statement online for your review. This allows LSI Property Management to disburse your funds more quickly and maintain our company's "green" operation goals. If you would prefer that we send you a check each month, we are able to do so at a nominal fee.

### End of Year Procedures

At the end of the year, LSI Property Management is required to file 1099s for all individuals who receive \$600 or more in income. **Please note** that the amount shown on your 1099 will be for gross cash receipts, **not** the total of disbursements made to you for the year. In short, your 1099 will include all cash paid through LSI, including that which went toward management fees, vendor payments, maintenance, etc. before you were paid the net amount each month. So, the amount that you show deposited into your bank will most likely not match the amount reported on your 1099. The IRS dictates the reporting requirement, so we cannot change this reporting structure. Also, tenant security deposits are not included in this amount unless they have been paid directly to you. This typically happens if a tenant breaches their lease agreement and must forfeit their deposit, or if funds are withheld from their security deposit to cover damages beyond normal wear and tear when they move out. It is necessary and required that you supply LSI Property Management with an IRS form W9 so that your 1099 is accurate. Each year, we will send your 1099 to you, postmarked by January 31, for the previous tax year. If there is a change to your tax information, such as a new entity name or address, please notify us with the Owner Change of

Information form. If you need another change form, one can be obtained from our website or by emailing us for a copy.

## Preparing to Rent Your Property

### Rent-Readiness

When prospective tenants view your rental property, LSI Property Management wants the property to look its best and compete well with comparable area rentals. Before showing your property, a maintenance report and rental market survey is completed. Your management team will contact you to discuss the details of your property, an ideal rental rate, and any maintenance needed to make it rent ready.

### Setting the Rent

Supply, demand, location, and condition of a property determines what can be reasonably expected for rent. If there are multiple, comparable rentals available near your property, it is necessary to set a competitive rate to secure a reliable tenant. If very few rentals are available in the same area, it can be easier to rent the property, possibly at a higher rate. Markets fluctuate frequently and LSI Property Management suggests rental rates based on the current rental market.

### How long will my property be vacant?

This is the most commonly ask question LSI Property Management 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, we work diligently to rent your property as quickly and at the best rate possible. The key thing to remember is that the most important objective is to have "a quality tenant" who will pay their rent reliably and respect your property.

### Advertising/Marketing

Along with our own website, we will advertise your property on a variety of other national listing sites, such as RentalHomesPlus.com, Zillow.com, Hero.com, Ablewise.com; and REALTOR.com. We also welcome referrals from third-party brokers who work with tenants in search of rental homes.

## Tenant Screening

Our team takes great care in looking for and accepting reliable, respectful tenants for your investment property. Our goal is to minimize "down time" between tenants while screening tenant applicants thoroughly to help ensure that your best interests and common concerns are addressed.

### Applicant Criteria

Thorough screening of credit, background and eviction history is crucial to successful Property Management. To facilitate this, LSI requires all applicants to complete a detailed application and submit it for processing and approval. A credit check alone is not enough! Our company conducts a careful review of their credit, income, and tenant or ownership history, along with a criminal background check. All applicants must submit verifiable proof of income to show they can properly manage their rental rate. Rental history and previous homeownership are carefully checked for previous evictions, foreclosures, or other public records. Cross-referencing all three areas – credit, tenant/owner history, and income – provides important answers to qualify or disqualify prospective applicants.

### Cosigners

LSI Property Management does not generally accept cosigners for leases. Signers who are financially responsible for the lease agreement must typically be residents of the property. Our policy is that applicants should have the ability to rent on their own merits and income. However, there are sometimes conditions that may warrant taking a cosigner on the property, in which case exceptions can be made.

### Service Animals

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

## Before Move In

### Rent and Security Deposits

For surety of funds, LSI Property Management does not accept cash or personal checks as payment at any time. We generally require all funds, including deposits, application fees and prorated rents, be paid in full prior to the tenant occupying the property. Occasionally, exceptions are made, and a deposit can be broken down into 2-3 payment installments. The first month's rent and deposit must be paid on LSI Property Management website prior to the tenant receiving the keys to the property.

### Rental/Lease Agreements

Once LSI Property Management receives funds, a thorough lease agreement, along with all required documents, is completed with the applicants. In most cases, this is done electronically, up to and including document signing. All persons 18 years of age and older, including adult dependents, are required to read and sign all lease and disclosure documents. If the accepted applicants are non-English speaking and cannot read and understand the documentation, they must supply their own interpreter of legal age when signing the lease agreements and associated addenda. LSI cannot, by law, give tenants legal advice regarding their lease, or determine their comprehension of any documents.

### Walk-through / Move-In

A vital part of the integrity of a tenant's lease agreement is a detailed walk-through inspection performed prior to the tenant taking possession, documenting the condition of the property before they move in. Unless extenuating circumstances prevail, the Property Management team completes the walk-through before the tenant takes possession. The tenant also submits a move in inspection report, detailing their own account of property condition. All inspections prior to move in and during tenant occupancy include photos of any areas of concern for future reference. When the tenant moves out of the property, the inspection reports provide a sound basis for any deductions from the tenants' security deposit refund.

## During Tenancy

### Tenant Handbook

"LSI Property Management Tenant Handbook" is online and available to tenants at any time. This detailed booklet gives the tenants additional information on how to care for your property, report repairs needed, make timely payments, give proper notice to vacate, leave the property in good condition and much more. While this is a great tool for quick reference, tenants can also directly contact their Property Manager via phone or email when they have questions or concerns that need immediate attention.

### Tenant education and Preparation

Taking time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Tenants are encouraged to thoroughly read their lease, addendums the Tenant Handbook. Tenants are instructed on how to properly use the website for monthly payments, to report maintenance issues, and to contact their property manager for assistance when needed.

### Preventative maintenance

The best approach to maintenance is embracing preventative maintenance, and this is the LSI Property Management policy. Tenants can upload work orders 24 hours a day by calling or uploading their work orders through their tenant portal whenever they discover an issue in their rental property. We also highly recommend mid-lease inspections to ensure that tenants are taking care of the interior of the home and address any areas that require fixing or maintenance.

### Emergencies/Disaster

When an emergency and/or disaster strikes, LSI Property Management has policies in place for managed properties and tenants. In these instances, LSI Property Management always notifies the property owner as soon as is practical. The nature of the emergency and/or disaster determines the immediate action needed by LSI Property Management. There are times when Property Managers must "act" in order to prevent risk to tenant health and safety, great financial risk to the owner and/or to preserve the condition of the property. For example, if a property is flooding, action to stop the flooding and immediately remove residual water that could cause additional lasting damage is necessary. Sometimes, we will need to act before consulting you, particularly if you are not immediately available and an emergency is taking place. Any instance where the safety or health of a tenant, or the habitability or structure of a home is put at risk is generally treated as an emergency.



## When the Tenant Vacates

### Notice to Vacate

When there is a notice to vacate, whether requested by you or submitted by a tenant, there are critical move-out procedures, much like those followed when the tenants moved in. For tenants, a minimum 30-day notice is required if they decide not to renew their annual lease. Alternatively, should you need to request that a tenant vacate your property for any reason, please contact the Owner Relations Manager for information on how to proceed, as most states have legal requirements for such instances.

### Communication with Owners and Tenants

Once a property manager completes their move out inspection and assessment, our Owner Relations Manager will contact you by email, by phone (or both) to address how we will proceed with any maintenance that may need done at the property before re-renting. To minimize the amount of time between tenants, your property management team quickly advertises the property to rent unless you notify us to do otherwise. The team adjusts availability dates on "For Rent" listings according to expected completion dates of any necessary rent-ready repairs.

### Tenant Move-Out

LSI Property Management conducts a walk-through, much like the one performed when the tenant moved into the property. Our team records any maintenance required and discloses a list of damages to the vacating tenant. Digital photos 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 tenants' move-out, our Owner Relations Manager will advise you of any tenant damages and resulting maintenance required to re-rent the property.

### Security Deposit Refund

Due to stringent state laws, the proper handling and timely processing of tenant Security Deposit refunds is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal letter is prepared in accordance with state laws. Security Deposits must be returned within 30 days of the tenant vacating the property if there are no damages to the property or other claims against their deposit.

Please note that while we sometimes require Last Month's Rent deposits as well as Security Deposits, funds requested and designated as Last Month's Rent cannot be used to cover property damages and must be returned if they are not used to cover rent charges.

### Collections

When a tenant moves out, if there are damages beyond what their security deposit will cover, LSI Property Management may refer the matter to a qualified consumer collections agent at the instruction and authorization of the property owner. It is important to note that debt collection is not a service offered by LSI Property Management, and we refer collection practices to companies that are licensed and experienced in the field. Also, owners should be aware that debt collection agencies charge

a percentage of any amounts recovered for their service- typically around 40%. LSI Property Management cannot guarantee the success or amount of recovery for any debts turned over to a collection agency.

## Your Property Management Agreement (PMA)

### Cancellation of Management

It is the goal of LSI Property Management to satisfy your management needs and engage in successful business relationship, but all things do change over time. Owners sell properties, people give notices. If this happens, the LSI Property Management Property Management policy is to resolve your account in a professional, timely and pleasant manner. Please review the following policies for cancellation.

### Written Notice

LSI Property Management's Property Management Agreement (PMA) requires a written notice of cancellation 30 days prior to contract auto renewal date. Please refer to your management contract. LSI Property Management does not accept cancellation of management by email or text, or verbally over the phone due to lack of signed documentation. If you need to end your agreement with LSI Property Management for any reason, please contact our Owner Relations Manager for additional information on how to proceed.

### Notice to Current Tenants

LSI Property Management will notify current tenants of the date when our company will no longer manage the property and that we will forward all security deposits according to instructions received from their rental property's owner. It is the owners' responsibility to advise tenants where, when, and how to make future rental payments and all communications after the notice period.

### Final distribution of funds

LSI Property Management will distribute funds, including security deposits, and final statements to the owner for any outstanding payments due on the property, as agreed in the management contract. LSI Property Management will issue a 1099 for funds collected during the current tax year as required by law no later than January 31 of the next year.

## Conclusion

We hope you have found the LSI Property Management Owner's Manual informative and useful. If so, please inform your Owner Relations Manager. If you feel there is other information LSI Property Management can provide, please let us know so we can include it in the future. Again, we want to thank you for your partnership, and we look forward to a successful management relationship. We promise to do everything we can to provide you with *Courteous, Prompt, and Professional Service*.