



Owner Handbook

Introduction

The purpose of this manual 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 annually 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 RentSmartUSA 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 have 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

RentSmartUSA is a full-service Real Estate Brokerage focusing on Property Management, Leasing, and Sales. We have been licensed and conducting business since 2010.

Company Byline ... Exceeding Your Expectations

Striving to exceed your expectations is a big challenge as some set the bar pretty high. We get it, and we will push hard not to disappoint you. One way or the other, we're out to make you exceedingly happy with us.

Motto for Owners ...

Our motto is simple – We offer peace of mind and predictable monthly income.

Mission Statement: DEDICATED TO WORRY-FREE SERVICE

Our mission is to handle your property in the most professional manner possible in all aspects, to serve our Investors in helping them acquire properties that perform as expected; our Clients by taking care of their properties as if they were our own; our Residents by providing them with a pleasant rental experience; and our Staff by constantly training them and helping them reach their highest professional potential.

Core Values

Our Core Values are statements that we designed to measure ourselves by. We hold out these values to ourselves and to our clients to make sure we measure everything we say and print about ourselves.

DEDICATED OPEN COMMUNICATION
FAIRNESS TRUSTING SYSTEMATIC

1. We commit that our marketing material and the information on our web site will accurately represent who we are, what we've accomplished and what we do; no exaggerations.
2. We will hire only the best staff, consistently train them and work at moving them to the best possible position of service to RentSmartUSA and our customers.
3. We will always treat customers, vendors, and each other with courtesy, respect and professionalism.
4. We are committed to change — to keep up with the changing marketplace and changing technology without sacrificing our most important priority - delivering great customer service.
5. We are committed to providing our residents with a clean and safe place to live, regardless of the rent, and put their safety at the top of our list of priorities.
6. We will not tolerate unethical behavior by our staff or vendors.
7. We will follow the laws (and codes of ethics) that regulate our industry.
8. We will believe in our staff and create a safe work environment that fosters respect and opportunity for personal and professional growth.
9. We will constantly strive to protect our owners from the liabilities of owning rental properties.
10. We will strive to be a leader in the property management industry in the state of Florida.

Code of Ethics

As real estate professionals we follow all federal and state fair housing laws.

Company Footprint

RentSmartUSA manages homes in Metro Orlando, Volusia County, Polk County, Brevard County, Orange County and Lake County.

Top 5 Reasons People Choose RentSmartUSA

1. Team Management: All homeowners can feel comfortable that our team is managing your valued asset. You will be assigned a property manager, along with bookkeeping and maintenance staff to oversee your property.

2. Management Fees: RentSmartUSA offers several programs designed 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 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.

3. Top Notch Marketing

Marketing your home on a variety of internet websites is the best way to get tenants through the door. When you market your home with RentSmartUSA, we will list your home on multiple websites, including Zillow, Trulia, Hotpads, Rentals.com, Apartments.com, and many many more. In doing this, your home will get the absolute most exposure in the marketplace.

4. 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.

5. Maintenance Service with 24/7 Capabilities

We will handle all maintenance requests and repair services. We will save you both time and money by making sure that these aspects are completed in a timely and professional manner by our trusty maintenance personnel and contractors.

Technology We Use

RentSmartUSA 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 APPFOLIO – an internet based property management software system endorsed by the National Association of Residential Property Managers (NARPM).

2. Tenant Portal

Tenants also can view their payment records, current balances, make payments, review documents, give notice to vacate, make comments, submit repair requests, and leave a

forwarding address on their portal 24/7. Good software makes all this simple and affordable.

3. 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.

4. 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!

5. RentSmartUSA Website – www.RentSmartUSA.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 RentSmartUSA. 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.

A. Management Fee

The biggest cost you will 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. Our business model offers a range of fees designed to work with the owner's desires for their level of services provided. We offer several plans to choose from ranging in cost from \$99 per month to \$199 per month. This fee pays RentSmartUSA 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.

B. Leasing Fee to Cooperating Realtors

In order to find you the absolute best tenants this market has to offer, we offer a one-time Tenant Realtor Commission of \$300 to all licensed agents in Central Florida to bring us their qualified applicants. This fee is only payable to an agent if their client executes a lease agreement and occupies the home. RentSmartUSA will handle the physical payment of this Tenant Realtor Commission.

C. Renewal Fee

Each time a tenant renews or extends their lease agreement, RentSmartUSA will charge a Renewal Commission.

D. Early Termination Fee

If we've started marketing the property, posting it on rental websites and putting signs and lockboxes on the property, we've already spent some real time and money. If you terminate the agreement with RentSmartUSA before we have a chance to lease the home, the management agreement calls for a \$500 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.

E. Charges for Tasks Outside Our "Scope of Service"

We have another document that outlines "what services you get for the fees you pay" and "what you'll be charged extra for." The monthly management fee does not cover meeting with your HOA, digging out records from five years ago, meeting your appraiser at the property or shipping your riding lawn mower to Denver. Owners often ask us to drive out to the property to see if the hail storm did any damage, see if the neighbor picked up the swing set, pick up and forward their mail, locate the pool keys and see if they left the lights on. We're happy to make these unscheduled, owner-requested trips, but we pay folks for this and the cost will be passed on to the owner. Central Florida traffic can be brutal and these "short trips" usually take two to three hours and have some hard costs associated with them.

Those homeowners who would like to change their plan to what we currently offer, may do so, however there will be a \$500 per property transfer fee. If the property is vacant and if a new tenant is procured, the homeowner may change their plan with no transfer fee.

SEE ADDENDUM ONE AT BOTTOM OF THIS OWNER HANDBOOK

Additional Documents

Below is a list of other documents you signed and their descriptions.

A. Lead-Based Paint Laws

If your property was built before 1978, please inform RentSmartUSA so the proper disclosures can be put into place.

B. Duties of the Owner and Manager

Throughout the management agreement, RentSmartUSA duties to the owner are laid out, as the owner's duties to RentSmartUSA, as well. Here is a brief outline.

Duties of RentSmartUSA to the Owner:

1. Maintain corporate offices, staff, website, escrow accounts, phone and email systems.
2. Maintain appropriate licenses and trust accounts for owner's and tenant's funds, as required by the Florida Real Estate Commission, and maintain said records for seven years.
3. However if the city or county requires a permit/license to rent the property the owner is required to set up an account with the city/county and to keep current or pay on an annual basis. Owner must provide an executed permit and proof of payment. If for some reason the manager has to complete this task, the owner will be charged \$100 per property, per occurrence.
4. Maintain qualified staff with experience and specialized training in managing residential rental properties.
5. Provide the owner with insight and advice regarding the rental market, help with setting asking rent, and help with getting the property rent-ready.
6. Market owner's property for rent; put out signs and install lockboxes; post on local and national web-hosting sites.
7. Maintain licensed leasing staff to respond to callers and show properties.
8. 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.
9. 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.
10. Maintain a maintenance response system to take requests from tenants requiring maintenance.
11. 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.
12. Maintain owner's escrow account records, including receiving and recording receipt of rents, handling owner advances, paying expenses on the property, paying vendors and managing emergency situations, distributing collected funds to owner and providing monthly owner financial reports.
13. Manage the eviction process, prepare and deliver tenant eviction notices, including filing with the county, negotiating consent agreements, coordinating court appearances, writs of possession and overseeing the removal of the tenant's possessions from the property on behalf of the owner. Refer to Property Management Agreement for details.
14. Manage normal maintenance work orders, renovations and restorations when authorized by the owner.
15. Complete a move-out assessment when the tenant vacates the property and possibly charge the tenant for intentional damages above normal wear and tear as described in the lease per Florida statutes. The remaining balance from the security deposit will be remitted to the tenant.
16. Only initiate legal actions on owner's behalf with owner's permission, except those related to collecting rent and evicting tenants over rent collection.

Duties of Owner to RentSmartUSA:

1. Warrant to RentSmartUSA that all owners with rights in the property have executed the management agreement.
2. Maintain regular communication with RentSmartUSA Properties and respond to inquiries and requests for authorizations.
3. Keep loan payments, property taxes, insurance, and HOA dues current. However, for special occasions manager will charge \$49 per occurrence.
4. Investigate and communicate to RentSmartUSA any HOA rules governing leasing in the community where the property is located, as well as provide RentSmartUSA with any leasing requirements of said HOA.
5. Pay RentSmartUSA the fees agreed to in the property management agreement and all governing documents associated with that agreement.
6. Avoid discrimination of any kind regarding the property while under agreement with RentSmartUSA.
7. We forbid all contact and communications with the tenant while RentSmartUSA is managing the property.
8. Pay (reimburse RentSmartUSA) for maintenance on the property necessary to maintain habitability, utilities, safety, and health of the resident.
9. Maintain landlord insurance on property naming RentSmartUSA as an additional insured party.
10. Keep plumbing, electrical, HVAC systems, appliances and improvements left on the property in normal operating condition during the term of the agreement.
11. Pay attorney and court costs that arise in the process of evicting tenants, but no other legal actions, initiated by the Agent, without owner's first giving permission to file such action. Refer to Property Management Agreement for details.

C. Landlord Insurance

You must keep your property covered by a landlord policy during our relationship. 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 RentSmartUSA must be covered as an additional insured.**

HOA Issues

As a whole, homeowner's associations (HOAs) have an issue with renters and tend to create a lot of heartburn for owners and landlords when they move them 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.

A. 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 RentSmartUSA, 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 for us 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.

B. Personal Property

Owners often leave personal belongings (patio furniture, microwaves, 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. You should remove everything when leaving.

C. Property Features / Disclosure

Since you know the property better than anyone else, you should help us identify basic information about the property so we can represent it properly in our advertising.

D. LLC, Land Trust and Corporate Affidavits

If you hold title in a corporation, limited liability company or land trust you'll have some special documents to execute to address who's authorized to act, receive money, approve maintenance and terminate leases on the property. Investors love to hide title from the public; we get it. Let's just make sure that we know who's who so we are operating under the right authority as the manager.

E. Hot Tubs

Owners know that hot tubs require management. Tenants don't and think they are just fun. When hot tubs are not managed properly, motors burn out and water gets green. They can create a hazardous environment for the tenant. Hot tubs need to be removed.

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 Schedule E of 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. Owners will be charged \$65 for this service/documents.

Marketing Your Property

RentSmartUSA has a very good track record in renting out homes. It's not a secret – good marketing & pricing 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. Note: **The \$300 Owner Reserve must be paid before any work or marketing begins.** All repairs must be completed, and property is to be deep cleaned before being advertised. In short, property must be “hotel room” ready. **ALL REPAIRS MUST BE COMPLETED, THE PROPERTY IS TO BE 100% VACANT AND DEEP CLEANED.**

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 to drive an hour to a property with a prospective renter 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. Get the property in rentable condition, and then the marketing can begin.

1. Rent-Ready Issues

“Go ahead and start marketing the property ... I'll have the rehab done before you get a tenant” just doesn't work. We often rent houses in a few days and trying to move tenants into a half-ready home is painful. Get it ready and we'll market it, but we'll be reluctant to start too early.

2. Setting the Rent

We lease numerous homes each month. We know the market and will advise the owner of the rental range, if priced too high the property will sit on the market unrented. Although it's your call, we'll advise you and report activity. Understand that advertise price will be dropped every week until rented.

B. Lockboxes and Signs

Lockboxes allow all agents in the market and prospective renters to view homes 24/7. We'll install a high-quality lockbox on the front door (or nearby) and start showing the property as soon as it's rent-ready. If your community requires a special sign, the cost of getting it made (and delivered) will be passed along to you. If you don't alert us about special signs required by your HOA and we get fined for using our own, you will absorb the charges.

C. Utilities

Because utility companies don't like working with third parties (such as property managers), owners will need to keep services in their name until the property is rented, and if possible, between tenants. You can and should set up "continuous service" with each utility company so service is never interrupted. **We can do that for you, however there's additional charges,** Refer to management agreement for more details. We'll let you know when to get utilities turned on and off. All utilities must be on before we start marketing a property.

D. Keys

We can't express how important it is for you to provide RentSmartUSA all applicable keys: keys to the property, 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. We will re-key the property at owners expense once a tenant is placed.

Keyless Deadbolts

If you have a keyless deadbolt system, RentSmartUSA will have it removed at owner cost and have a Master Key Deadbolt System installed.

E. Marketing and Showing

We have a full-time third-party service taking calls from prospective renters, pre-screening for qualifications and scheduling self-showings seven days a week. This allows for your property to rent quicker, saving you money.

Screening Applicants

RentSmartUSA has 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 takes a lot of experience. To conform to the Fair Credit Reporting Act and the Red Flag Rules (regarding privacy of personal information), we keep this information locked up and confidential for seven 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. In some instances, income is king and extra deposits can buy a lot of forgiveness. RentSmartUSA per law is not permitted to share tenants personal private information to homeowners, such as credit scores and/or background checks.

B. 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.

C. Security Deposit

RentSmartUSA holds the tenant's security deposit in an escrow account, for the sole purpose of damages done to the home beyond fair wear and tear. Tenant Security Deposit Criteria is posted on our website.

Lease Document Preparation

RentSmartUSA will have a lease/addendums drafted by an attorney 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 screening application, move out instructions, policies and procedures, lead paint disclosure, pool maintenance addendum and documents that cover property visits, renter's insurance, smoke detectors and more.

Managing the Move-In

When a tenant moves into a home for the first time, there are often "issues" during the first week. Our walk thru is done prior to the tenant moving in. We provide the tenant with the Video Home Condition Addendum (the instructions are provided in the addendum).

Upon signing the Property Management Agreement, the Property Manager will visit the property to conduct a basic assessment. Owner **MUST** have the power and water on. Manager will take photos and report back to the owner in regard to their findings. Manager will also put a lockbox at the door and place a For Rent sign, if permitted. Manager will only market the property For Rent when all repairs are completed and hotel-room clean.

A. Re-Key Policy

Florida Property Code states that all locks will be changed anytime a new tenant takes over a home. It is our policy to complete this task prior to the tenant even occupying the home. Copies of these keys will be kept at our office in a secured location. This is an owner expense and will usually cost between \$100 to \$500 depending on the number of exterior doors that must be rekeyed. Florida law prohibits this charge to be passed on to the tenant in normal circumstances. The home may also need additional security measures installed to meet Florida Property Code.

B. Utilities

Marketing a property without the utilities on is an impossible task. We've tried it many times and always end up at the same place, frustrated and kicking ourselves for trying it. When utilities are off at move-in, there are repercussions and expenses the owner probably didn't anticipate. Please make sure the utilities are left on through the move-in. Tenants will have 3 days to transfer utilities to their names, the owner can have them turned off on day 4.

C. Uncompleted Repairs / Contingencies

One of the worst things that can happen when we meet a tenant at the property for a move-in is to find that the property isn't ready. Owners (or their vendors) don't always complete work as they promised or clean up thoroughly, and it causes lots of yelling and screaming. Tenants often arrive with their moving van and don't have the time to clean the home before moving in. We do everything we can to prevent this, including a pre move-in wipe down (see E below), but it doesn't always work out the way we hope. When the property isn't ready, or the contingencies are not done as promised by the owner, we often have to take drastic actions, costing the owner serious money. When a tenant moves into a dirty home, or one that has unfinished repairs, they will hold it against us for the life of the lease. We'll do everything we can to make it right, but it usually is an expensive process because we're all scrambling for solutions at the last minute in order to avoid losing the tenant. Remember this: speed always costs more, whether you're shipping packages or calling a contractor or a cleaner to come immediately and finish a repair or clean the home so we can let the tenants take possession. In these situations, we go to work "making it right" and discuss the costs later.

D. Pre-Move-in Wipe Down

For many years, it was common for us to get ready to move a tenant in and then find the property was not clean and ready to occupy. Dead bugs accumulate in vacant homes, toilets get rancid, cob webs gather, light bulbs die, vendors fail to clean up after themselves and the property gets stale and musty. Tenants expect hotel (white glove) clean, whether they should or not. If we do this badly, and the home is dirty at move-in, renters get really angry and remember the experience until they move out. No one likes to clean up someone else's dirt. We offer a solution to this problem by scheduling a premove-in wipe down just before the tenant is to take occupancy. If the owner agrees to this, we can schedule this a day or two prior to the tenant moving in. Like re-keying, it is done a day or two before the move-in takes place. The cost is generally around \$65 to \$150 depending on just how big (and how dirty) the house is.

Owner Cleaning Challenges: Frequently we have owners tell us that they will clean the property before move-in and we don't need to order the previously mentioned wipe down. Everyone wants to save money and the DIY method is often preferred. Here's the problem: everyone has a different idea of what clean is and people are satisfied with different levels of clean. To some, cleaning once a month is good enough while others clean every day. 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." When you check into a hotel room and find dirty mirrors,

toothpaste on the counter, Q-tips in the waste basket, and mud on the floors, you demand another room, and so you should. “Hotel clean” means leaving no evidence of the previous occupant. If you tell us you’ll do the cleaning and the property is not “hotel clean” when we arrive to do the move-in inspection, we’ll call a crew to make it right before we turn it over to the tenant. Also, if we promised the tenant a move-in on Saturday and the home isn’t ready, we may have to put the tenant up in a hotel on your dime until the cleaners can get there on Monday. Most tenants arrive to the move-in inspection with their truck full of stuff and movers ready to set up house. 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. This next section is broken down into Managing the Money, Managing the Owner, Managing the Property, Managing the Tenant and Managing the Move-out.

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 Florida Real Estate Commission.

A. Security Deposits

Our policy is to hold the owner’s security deposit in a qualified Trust Account. There is no law in Florida that states the property manager must HOLD the security deposit – only account for it. Our property management software allows us to account where every penny is located – no matter who holds it – the owner or the property manager.

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. There is no Florida law requiring a grace period for rent payments. However, they are due on the 1st – and late on the 3rd!

2. Late Date

Rent is always late the 4th of the month in accordance to the terms of the lease. Our software allows us to track exactly what day and time the owner has paid rent through our online system. Currently around 95% of our tenants are paying 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.

3. Late Fee

The late fee is \$100 and is assessed on the 4th of the month. We make the late fees of \$100 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.

4. Notice to Vacate

A Notice to Vacate is posted on a delinquent tenant's door between the 10th to the 15th of the month depending on the timing of rent not being collected. This is the first step in the eviction process as we are required to give the tenant at least a ONE day notice to vacate, in writing, with a confirmed delivery.

5. Filing with the County

Once the Notice to Pay or Vacate is posted, depending on the county, the tenant will have 3 to 8 days to meet the demands of the notice. If tenant does not meet the demands of the notice the eviction process will begin immediately. The cost for a typical eviction is \$500 to \$750 depending on the county. This cost will be invoiced to the owner unless stated in your RentSmartUSA Property Management Agreement under Eviction Protection Assurances.

6. Attending Court For Eviction.

Court costs are very reasonable in Florida because we have a good small claims court system. We can attend court on your behalf only if mandated by the court. In most cases, the tenant does not show up – and even if they do show up – non-payment of rent is not tolerated by most courts. You'll be kept in the loop every step of the way. These costs are only covered if the tenant was placed by RentSmartUSA, as detailed in the Property Management Agreement under the Eviction Assurance Program.

7. Attending Court for Other Disputes.

Manager may attend on a case by case basis at an additional charge to the owner.

8. Writ of Possession

Once the judge grants the eviction for non-payment of rent, the next step is to arrange the Writ of Possession. This is executed by the county Sheriff. The cost of filing the Writ of Possession is between \$100 to \$250 depending on the location of the home and the jurisdiction it is in. Once the Writ is filed, a law enforcement officer will contact us to arrange an appointment to remove the tenant from the home. RentSmartUSA Eviction Assurance Program may cover this cost.

9. Executing a Writ of Possession

If a Writ of Possession has to be fully executed, the Sheriff will make an appointment with us to meet them at the home with a locksmith. The officer will watch the locksmith break in (or we use our key), and they will then clear the home of any occupants. Whatever stuff left behind of any value, will need to be moved to the curb. The expensive part is having a moving crew ready to empty out the possessions still left in the home. Our Eviction Assurance Program may cover this cost.

C. Re-Keying

Immediately after the sheriff has finished the put-out, we will need to rekey the property. This expense may be covered by the Eviction Assurance Program, or be charged to the owner as an expense.

D. Anticipating Vacancy Expenses

We've had enough vacancies over the years to be able to predict pretty closely what it will cost to have a tenant move out. Once you understand the costs involved, it makes sense to keep the property in great condition and help us keep the current tenant there. Property damages are just a part of the vacancy costs. When you add to the expenses re-rent costs, utilities, lawn care, advertising and pest control you figure out pretty quickly that keeping a tenant in the home is very important.

E. Reporting to the IRS (1099's)

For 15 years the IRS has required 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. Much like an employer, we are required to report income we received on your behalf. Your monthly owner's report will account for most of your expenses on the property for that year and you'll show those expenses on schedule E of your tax return.

Managing Owner Relationships

A. Authorization

During your time with RentSmartUSA, 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, 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 the 8-year-old dishwasher for \$195, or replace it for \$350; and spending money over the \$300 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.

B. Renewing Agreements

The real estate licensing board requires that we keep the management agreements current without clearly defining what "current" means. Some managers ask owners to complete new owner agreements every year. Our attorneys have assured us that this isn't necessary. As a general rule, we may ask you to renew your owner paperwork every three to four years. Generally, it's done between tenants. We have the agreement online so it's not a big hassle, but every once and a while we'll need you to update another management agreement. We'll notify you in writing when it's needed.

C. Foreclosures

When owners can't make their mortgage payment, they usually don't call us and tell us to stop collecting rent. They usually take the rent and hope the lender takes a long time to complete the process. As unfair as this is, people do funny things when they are financially stretched. Usually we find out about a foreclosure when the tenant calls screaming about the letter, they got from the lenders attorney demanding they move and threatening eviction. Since the tenant's only contact regarding the property is RentSmartUSA, we get the brunt of the anger and accusations. They often accuse us of protecting the owner and cooperating with them in scamming the renter. Their life is turning upside down and they want to vent, file grievances with the real estate commission, and say nasty things about us on the internet. We get beat up; the owner gets to keep the money and the tenant must move.

In May of 2009, in response to all the foreclosures on rented property, congress passed the "Renters Rights in Foreclosure Act" mandating that the tenant be allowed to stay in a foreclosed property until the end of their lease term. Lenders are ignoring this law and ordering their representatives (the foreclosure attorneys) to get the tenant out, whatever it takes. Renters are not strong enough to fight the attorney so they pack up and move out, mad at the world, the owner, but particularly at RentSmartUSA. There is nothing fair about any of this. The owner's credit is destroyed, RentSmartUSA reputation is trashed, the renter is in upheaval, and the lender takes a bath on the property. There is no upside and there's nothing we can do to change it. RentSmartUSA charges a \$650 termination fee on foreclosed properties.

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. Judges and court systems hold us to a high standard when it comes to our duties to provide a safe and habitable place to live, as do the people living in these houses. In their minds, safety of people overrides safety of the property and cost to the owner, so we manage with that standard in mind. Tenants are not a protected class, but they are a favored class when it comes to managers keeping their safety as a high priority.

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 I: Emergency Maintenance

Emergency Defined:

Anything relating to the property under the lease that is threatening to life, health, or the property. Fire (please call 911), flood, sewage back-ups, gas odors (please call gas company), broken water pipes, tree falling on house. **Target: 5 to 8 hours**

The Following are NOT Emergencies

Refrigerator out; locking yourself out of the house; power or gas off; a/c out and 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.

RentSmartUSA 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: 2-4 business day service**

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

Category III: Normal Maintenance

Appliance repair, garage repairs, leaky faucets. **Target: 4-8 business day service**

Category IV: Non-Essential Maintenance

Fence repair, gutter cleaning, garage door remotes. Target: 30-day service

Category V: Not a Habitability Issue

Screens; broken lattice; power washing; broken window shade; broken tree limb; missing door stopper; missing doorknob; all light bulbs including stove, chandelier, and refrigerator; and fireplace gas keys. **Target: Point these items out during next property visit 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 being said, we also can't contact the owner every time something needs to be repaired. The management agreement has up to \$500 ceiling on repairs we can order without waiting for your response. We'll let you know by email when a maintenance request comes in, but often just as an FYI. Where we get into trouble with this limit is during weekends, holidays, and on A/C units. 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.

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. We know we are ultimately accountable to you for using good judgment. However, sometimes we just have to use common sense when managing your property. The day we abuse this is the day you’ll find another manager, so we understand our limits and want to handle your home as best we can.

D. Minor Maintenance Issues

Before the tenant moves in, they agree to handle regular, everyday issues around the house themselves like flipping GFCI switches, changing out light bulbs in two-story foyers, resetting garbage disposals, 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. At times the lease calls for them to provide their own lawn care, but most tenants do not think like owners in this regard. Getting them to mow is about all you can expect, and sometimes it is difficult to get them to do that. The real problem is when there is an active HOA going around counting weeds and taking photos a sidewalk line that was not perfectly edged. Generally, lawn care isn’t a problem as much as, trimming shrubs, edging and watering.

F. Property Visits and Charges

We do an annual visit to the property by appointment with the tenant. This is completed AFTER a property survey has been done by an inspector and before any sort of lease extension is approved. The owner will receive a complete report from this inspection and that cost is passed along to them (\$159 per inspection). If you ask us to make a special trip (owner-requested trips) to meet an appraiser, a relative, your contractor, the HOA manager, etc., to check on utilities, to see if your vendor is finished, to see if the hail storm did any damage, to pick up your mail, or to see if you left your lights on, there will be a trip charge. Florida traffic often causes a "quick property visit" to take about an hour each way, plus time at the property and gas. We try hard to avoid unscheduled trips, but we don't want to say no when asked by the owner to do something special.

G. Emergency Maintenance Phone System

Occasionally a tenant calls with a true maintenance emergency, which requires immediate attention. When they call into our emergency maintenance hotline and speak to a live person regarding the repair needed. When the home is flooding from a burst pipe, or the AC unit has quit working in 98-degree heat, we need to provide on-the-spot service. Weekend service calls are pricey, but some things just can’t wait until the next business day.

H. Handling Your Own Maintenance

Most owners hire a manager because they don't want direct involvement with the tenant in the property. However, some owners have a tool belt and like to tinker around the house to save a little money. When the property is vacant you are free to do whatever you like. While the tenant is occupying the property, we will handle all maintenance. There are liability and common-sense issues that drive this policy. We understand your neighbor is your best friend and can fix that leaky toilet – but what if the tenant's purse comes up missing, or the neighbor hurts himself while in your home fixing your toilet? Can you see the potential pitfalls in this? We can. Therefore, we DO NOT allow the owner to do maintenance of any kind while the property is occupied.

I. Home and Builder Warranties

Home warranties are a curse to professional property managers. When an owner puts us in charge of maintenance and then transfers repair issues to another company (a warranty company), the outcome is often a stressful situation that is impossible for us to manage. Home warranties were designed for owners who live in the property and who will cooperate with the warranty company vendors. Tenants are not quite as responsive, so warranty company vendor 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. Buying a home warranty just makes it more difficult. If an owner demands to work with a home warranty, we can accommodate as much as we can – but we will have to charge an additional fee of \$40 per occurrence for the added work. See our FAQ's for further real-life stories on the failings of these home warranties for landlords.

J. Tenant vs. Owner (Manager) Responsibilities

We take pains at the move-in to clarify exactly what the tenant can expect from us in the way of maintenance response. Sending a vendor to the property is expensive, so this is not an option for every call. For example, a dead limb hanging over the fence is relevant, but it probably doesn't justify a special visit. In most cases, we assure the tenant that we'll address these minor issues at the anniversary date or that we'll look at it next time we're at the property. Keep in mind, every time someone goes to the home – it incurs cost. We try to mitigate that cost by deferring the very minor requests to a later date such as during the annual walk thru.

K. Regular Maintenance

Clearly, we are responsible to oversee normal maintenance breakdowns and regular repairs as a part of our management service. We will coordinate any such repairs or maintenance with our approved vendor(s) and tenant(s). We will see that the job gets done in a professional workman like manner and pay all invoices on owner's behalf. For this we add 10% per invoice with a \$65 cap to cover the cost of overseeing maintenance coordination for jobs less than \$1000.

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. 30-day Auto Renewal

Unless the tenant is given a 30-day notice by the landlord, or vice versa – the lease is extended automatically on a month to month basis until an extension is signed or one party provides the other party with a 30 day notice to end the lease. Keeping a renter in the property and paying rent for a long time is an important strategy, and we work hard to make that happen. If you want to move back in or sell the property, you must put your wishes in writing to us long before the 30-day timeframe from lease end so we can offer plenty of warning to the tenant.

B. Rent Increases

We recommend 12 month leases that will give the owner flexibility in a number of different ways: 1) They can raise the rent at lease end, 2) They can move back in, 3) They can sell the home, or 4) They can kick the tenant out and look for another tenant. A standard rental increase of 2% is written into all leases so the tenant will be aware of an increase from the beginning. If a larger rent increase is being considered, the past 12 months will need to be reviewed to get a feel for what type of tenant has been in your home. In addition, we will look at market conditions, vacancies, and needed repairs in making that decision.

C. Lease Renewal Process

The last thing you want is a vacancy. Therefore, it makes sense to reward your property manager for keeping the renter for another year. We start earning the renewal fee the day we move the tenant into the property. We work all year to get our tenants to renew and we celebrate when they do: Mission accomplished! The standard renewal rate is \$275 and your Manager will be given a split of this fee.

D. HOA Challenges

One of the more recent challenges with renters is having an overactive HOA manager. If owner dues are not paid, or if someone violates their rules, they can fine owners, harass them with constant letters, and even try to file liens against an owner. Some HOA managers are convinced that renters are the curse of the community and bring down property values for other owners. They love to harass tenants and do what they can to drive them (and their landlords) out of the community. We have to work together on this so you must stay involved. We'll need your help if your HOA gets ugly.

The most common occurrence we see from HOA's are letters sent to owners for one of the following: 1) The lawn needs to be mowed and trimmed. 2) The trash cans are still in sight from the street on non-trash days. 3) There is a trailer / boat parked in the driveway on a weekday.

Managing the Move-Out

The next part of the management process is the move-out. Landlord-Tenant Law has a lot to say about the move-out process. Legislators obviously have had a lot of complaints from renters over the years, because there is a lot about tenants moving out, charges for damages, and security deposits in the law. Here is a description of the process.

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. Our lease states that if the tenant moves out early, they will lose their security deposit. They will also be rent responsible until the lease termination date or once it gets re-rented, whichever comes first. It is the homeowner's responsibility to turn on the utilities, this will allow us to put the home on the market again.

B. During the Move-Out

Once the tenants has turned in their keys, the Manager will do the move out inspection and provide everyone with our pictures.

C. Normal Wear and Tear

Landlord Tenant Laws prevent landlords from charging renters for "normal wear and tear" on the move-out inspection. Most of the conflict comes from this. This is very subjective. The homeowner should understand that everything has a life expectancy, for example, the life of a carpet is 5 years. If the carpet is more than 5 years old, per Florida Law, they cannot be charged if it's not cleaned. A full interior paint is recommended to be done every 3 to 5 years depending on when the home is vacant.

D. After the Move-Out

A claim is a charge against the deposit. Florida law gives landlords thirty days to make a claim. If a claim is **NOT** made we have fifteen days (15) to refund the full security deposit to the tenants.

When It's Time to Sell

Around half of our clients buy the house as an investment property and intend to hold for a long time. The other half used to live in it and could not sell it when they needed to move. When it's time to sell, there are some options.

A. Selling to the Tenant

The most efficient sale you will ever have is when you can sell the property to the existing tenant. Everybody loves the idea of selling to the tenant because there is no vacancy between the time the tenant moves out and a new buyer moves in. This is the best of all worlds for the owner. So, if it is good for the owner, why doesn't it happen very often? As a broker, we would love to sell to current tenants every time. It's an easier sale, and there is no move-in or move-out to manage. From the outside looking in – one would think that tenants would buy houses they are living in. They do, just not the one they rented. Why? Here's what we discovered in the managing and selling rentals for our clients: when tenants choose a rental, they make compromises in the house, the community and the area. They don't take the time buyers generally take to select just the right house for their family. They aren't thinking ten years, but two; it's just a temporary place to live until they figure out where they want to buy. We do sell homes to renters, but not many.

Secondly, it's a hard sale. Here's the problem; tenants don't do home inspections before renting a home. When people live in a property for a while, they figure out what's wrong with it. They learn the upstairs does not cool in the summer and the neighbor is a crab. They know what needs to be fixed; they know the problems with the property, and often they won't buy it because they know too much about it. This sounds strange, but for some reason they would rather buy something they know nothing about than buy something they've lived in and know everything about. Stupid as that sounds, we've heard it all before. That being said, if you want to sell the property and it's occupied with a tenant – consult with RentSmartUSA and we can best advise you on the strategy to get the home sold.

B. List for Sale

When our clients are done with leasing the property we often sell the home for them. We have been licensed brokers for 10 years. Because we know a lot about the property, and we have a relationship with the occupant, we are able to get it on the market before they move out and we don't need much from you to make it happen. When you get notice from us that they're moving, let us know if you want to sell.

C. Short Sales

It's a common misconception that a short sale is the best way to get rid of a property in a hurry. What people don't understand is that the owner must be several months behind in the mortgage payments (which is damaging to their credit rating) before their lender will even talk to them about taking a discount on the loan payoff (paying it short). They also won't talk to you if the property is rented. The lender thinks if the property is rented, you should be able to make the payments. Short sales are a common phenomenon of the current real estate market which means three things: the lenders are all doing them differently, the rules are changing weekly, and the fad will be over soon. If you think your property is upside down for market value in comparison to the current mortgage, and want to investigate this option, contact your lender and get the story before you call RentSmartUSA about offering it to the renter. We've closed a few, but it's a lot harder than it looks.

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 very carefully. We have forms and checklists for this process, so we don't miss a thing. If there is a tenant in the property this is a little sticky, but we have done it before and know exactly what the issues are. Some owners decide to manage their own property. Some want another property manager, while others want to sell and be done with leasing. Whatever the reason, we will always be willing and cooperative to make the transition smooth. Here is more on the final process of our relationship:

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 stated in the property management agreement, as we are both counting on each other to fulfill the agreement.

ADDENDUM TO OWNER HANDBOOK ONE

OWNER CHARGES

1. Utility Management Fee: \$75

The utility management fee would be assessed if RentSmartUSA is asked to spend excessive effort and time in crossing over utilities to include power and water on behalf of the owner. Some municipalities are easy to cross over with a phone call – others require

someone to appear in person, pay with a check, and sign paperwork in order to assume the utilities to that home. This will be assessed on a case by case basis.

2. Oversee Owner's Maintenance Vendor: \$50

This fee will be assessed if we are asked to oversee a vendor that the owner has personally hired. In doing so, we are assuming direct liability for that vendor in relation to the home, and the interaction with the tenant. This can sometimes be a non-licensed vendor sent over to look at the home on behalf of the owner. This creates more work for us both in follow up, liability, and correct completion of the job. We encourage owners to allow us to use our approved list of vendors for most items under most circumstances.

3. Walk Thru Fee: \$149

This fee would be applied if the owner requests us to go to the home and do a walk thru with the tenant, or while it is vacant, outside of the normal leasing or renewal process. This would only be applied in certain circumstances that go above and beyond our normal management. Example – the neighbor calls the owner and says they saw something suspicious going on at the home and requests us to do a walk thru to investigate. We can do this, but we have to charge for the time and gas money involved in getting to the home. This will be applied on a case by case basis.

4. Early Termination Fee: \$500

This fee is added into the standard property management agreement for the Silver, Gold and Platinum plans. It is applied if an owner hires us to list their home for rent, we put the home on the market, then sometime later they decide to change their minds and not rent the home with us. We understand those decisions, and it should be understood we have put a lot of time and effort into taking pictures, posting to all of the websites, fielding calls about that home, and sometimes dealing with applicants. This applies only to an owner prior to a tenant signing a lease agreement. Once a tenant signs a lease agreement, the property management agreement will govern any charges if an owner wants to terminate services early. Should the owner situation change and that home is placed back on the market under management, the \$500 paid cancellation fee can be credited to the owner in management fees.

5. Owner Foreclosure Charge: \$650

This fee is charged if the owner has let the home go into foreclosure. If this happens, we will have to bear the brunt of the abuse from the tenant and assist them in finding another home. It is often a surprise to us and a bigger surprise to the tenant. This will be on a case by case basis.

6. Special HOA Signage Fee = Cost of Sign + \$50

This fee is charged only if we are required to use special signage to advertise the home for rent or for sale. Sometimes, a Homeowners Association has strict stipulations on the type and design of signs that can go in front of a home. If we are forced to purchase a new sign to comply with the HOA stipulations, that cost will be passed on to the owner.

7. Pool Key Retrieval Fee: \$85

This fee is charged if we are tasked to go in person to a homeowner's HOA office and retrieve a pool key. A standard trip fee will be charged. Although we would love to do this via mail, or make other arrangements, a lot of HOA's will only give out a pool key to a

management company, a tenant, or an owner with valid documentation. In addition, that pool key is often signed for with identification shown requiring that this be done in person.

8. Stop Payment Fee: \$40

This fee would be charged if we were asked to cut a check directly to an owner and mailed out. If it was determined that the wrong address was given to no fault of our own – we would have to charge the fee. We are charged a fee by the bank and that would have to be passed on to the owner. This fee only applies to payments made by check. This is on a case by case basis.

9. Re-Issue Check Fee: \$40

This fee is charged if we are asked to replace a missing check, with a new check. At this point, we will have TWO checks floating out there and have to make the effort to track down and reconcile the missing check. This fee is on a case by case basis.

10. Additional Property Assessment Fee: \$159

In the Management Plans that do not include the Annual Inspection Fee – This Fee is Charged for an inspection with copies provided to the owner.

11. Meet someone at property: \$95

We often get requests from owners to meet someone at the property to assist them in gaining access. This could be appraisers, contractors, pest control, inspectors, or even family members. To cover the cost of time and gas money – we charge a fee. Often times, the home has a combination lockbox on it with a key and we can give that information out as required to avoid making a trip there. This fee is charged on a case by case basis.

12. Court Appearance: \$75 per hour

This fee is already a part of the property management agreement and would only apply if an owner did not carry eviction assurance. It comes into play for evictions, and or lawsuits where we are asked to appear in court on behalf of the owner.

13. Annual Tax Preparation Fee: \$65

There is an Annual \$65 Tax Preparation Fee to Manager to cover the costs of administration fees associated with all technology features to include electronic delivery of the required IRS Form 1099 each year. This fee is collected annually on 1 January.

14. Renewals or Extension Fee

Each time a tenant renews or extends their lease agreement, RentSmartUSA will charge a Renewal Commission. This charge will be paid the following month after the extended lease agreement has been executed.

15. Landlord Exit Fee: \$100

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 is required to be archived for seven years, this fee is meant to cover that liability.

16. Security Deposit Dispute Fee: \$150

In the event that RentSmartUSA has to deal with an outgoing tenant who is in disagreement with a Security Deposit Itemization return, this charge would be applied should it become necessary to seek mediation or legal assistance in resolving a tenant security deposit dispute.

17. Tenant Take Over Fee: \$250

This fee would be charged to a new owner coming into RentSmartUSA that already has an existing tenant. Often times, it becomes necessary to start from the beginning with that tenant and implement them into the system with a new lease agreement, a walk thru with pictures, tenant portal set up, and general follow up. This is the fee to cover start-up costs for an inherited tenant.

18. Owner's Insurance and surcharge: \$20.00 Per Month – Opt Out Option

At all times during this agreement while this home is under management, Owner must maintain in effect a public liability insurance policy (homeowner's insurance) that covers losses to the property. This will include an amount equal to the reasonable replacement cost of the property's improvements and containing endorsements showing the insuring party is aware that the home will be leased to prospective tenants. It is required that the Owner name RentSmartUSA as "Additionally Named" on their Owner's Insurance Policy.

All Owners incur a \$20.00 (ten) per month Administration Surcharge to cover the cost of administrative fees associated with homeowner's insurance policy compliance and tracking.

Owners may OPT OUT of this \$20.00 (ten) per month Surcharge by providing Manager a letter or notice delivered via mail, email, or fax that indicates RentSmartUSA as named "Additionally Named" on their Home Owner's Insurance Policy no later than 15 days from the completion date of this agreement.