



“WE SPECIALIZE IN RENTAL HOMES”

OWNER MANUAL

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HOMEOWNERS PROPERTY MANAGEMENT, INC...
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Welcome

Thank you for choosing Homeowners Property Management, Inc. (HPM) to manage your investment. We are aware that you had many choices and we appreciate that you have selected us as your property management company. We look forward to a long and successful business relationship.

HPM works to achieve the highest professionalism in Real Estate/Property Management Services. Therefore, we have prepared this Owner Manual to assist you in understanding how we operate as a management company. We urge you to take the time to review the information enclosed. We feel this will further clarify many of the procedures for our property management services. After reading the material, if you have questions or any concerns, contact your management team immediately using the company contact information provided in the following pages.

HPM Mission Statement

Our mission is to provide world-class Property Management services to property owners and tenants, marked by exceptional customer service and communication. Demonstrate our core values of integrity, customer service, and professionalism in all aspects of our daily operations. Cultivate enduring relationships with property owners, tenants, and vendors grounded in trust and open communication. In all that we do, we reflect the Golden Rule and glorify God, honoring our faith and values as we serve our clients and community.



Overview of Services and Fees

Management Fee

- 10% of rent amount per lease or a minimum of \$75 a month
- New tenant admin fee: \$75 (applied for every new tenant move-in)
- New lease term admin fee: \$35 (applied end of lease term with tenant renewal of annual lease or month to month status)

One-time charge of \$200 for a new property processing and setup into our system.

Owner Payments and Statements

- Each owner has a secure portal to access:
 - management agreement, leases, maintenance work orders, paid invoices, financial reports.
- Owners are paid by direct deposit.
- Owner funds are disbursed between the 6-10th of each month. Late rent payments are disbursed on the 15th or 25-27th of month.
- Owner statements are posted at disbursement of each month and accessible in the Owner Portal.
- Owners receive a 1099 form at year-end for tax preparation.

Automated Owner Updates

- Owners are updated via email when:
 - rent is late, disbursement made, work order submitted, tenant lease ending, and more!
- Your owner portal will allow you to access your account to:
 - add any repair funds, review work orders, owner statements, and documents.

State-of-the-Art Internet Marketing

- Each property has a page on our website featuring:
 - photos, description, mapping, driving directions, and online tenant application.
- Rental properties are marketed on:
 - local Multiple Listing System (MLS) and a variety of syndicated (free & paid) web sites.
- Rental applications are taken online or in person.
- Leases may be executed in person, using e-signatures via email, and/or fax.
- Having a strong Internet presence has enabled us to lease properties sight-unseen to tenants.

Maintenance

- Owners are notified via email and in the online owner portal for maintenance work orders submitted.
- We use only experienced and licensed vendors to fulfill work orders, i.e. plumbers, electricians, etc.

Tenant Screening

- Credit report
- Criminal background (includes sex offender)
- Prior evictions
- Rental history
- Income and employment verification

Tenants have Three Rent Payment Options

- Online payment by electronic check (ACH)
- Payment by mail
- Payment by hand delivery at office

Rent Collection and Evictions

- We insist on timely rent payment from every tenant.
- We act promptly when any rent is not paid by the 5th of the month.
- If required due to non-payment of rent, we will initiate and follow thru on the entire eviction process.

Getting Started

Initial Property Visit

An HPM property manager must visit your property before we can price it or agree to manage it.

Proposal

Immediately following the initial property visit, HPM will prepare a proposal consisting of a market rent survey of rents for comparable properties in the area, a draft management agreement, and various property intake forms. We will deliver these documents to you: in person or via an email attachment.

Before we can get started...

We must complete 3 steps to begin the management engagement:

- A signed management agreement, required intake documents, \$200 new property processing fee.
- 4 sets of house keys, all garage door openers, remotes, and any parking passes.
- A new property repair/escrow reserve account of \$400. Many owners find it convenient to send these funds using the e-check ACH utility on the Owners Portal.

Repair/Escrow Reserve Account Question: Why does HPM hold a \$400 reserve escrow? When a tenant reports a maintenance issue, we need to be able to respond to it promptly. If a property is well-maintained, we find that most routine, "break-fix" repairs can be completed for \$400 or less. If a repair will cost over \$1,000, we consider it a major repair and get your written approval (and your additional needed funds) before we schedule the work.

Property Inventory

When we have received the management agreement and keys, we will conduct an intensive inventory on the property. HPM does this to ensure that we can accept the risk of placing a tenant in the property and that the property is ready to market. We are not licensed home inspectors, but we do take a high-level look at the property. When we inventory the property we will:

- Verify that all utilities are turned on
- Verify that all light fixtures work and all have light bulbs that work
- Verify that all appliances, heat, air conditioner, and smoke alarms are present and work
- Verify "every level" of home has 1 carbon monoxide detector (if home qualifies as required)
- Verify that all plumbing fixtures work
- Verify that windows are operable (must open and close, safety issue)
- Look for obvious structural defects
- Verify that the property is in white glove showing condition inside and out
- Verify that the property meets HPM requirements for move-in condition (see page

16) Necessary Work is Completed

After the property inventory HPM will send you a report of our findings. Sometimes the property is ready to market and needs no work at all. Sometimes extensive work is needed. If work is needed, HPM will send you a list of repairs along with our bid to complete the work. You may choose to have HPM complete the work or you may complete the work yourself. (HPM policy is that you may repair the property yourself or with your own vendors while a property is vacant but that we must use our list of vendors when the property is tenant-occupied.)

Special Issues for Condominiums

Moving to a new residence is extremely stressful in the best of circumstances. Tenant move-ins for condominiums are especially tricky. Unless great care is exercised, the tenant's move-in can become a nightmare. Great diligence is required on behalf of HPM and the owner in setting the tenant's expectations for meeting the requirements of the condominium association at move-in. HPM asks that our condo owners be extremely thorough in providing all the information we request in our "New Property" form regarding condo association contact information, pet restrictions, required lease addendums, parking, and move-in policies.

HPM Requirements for Keys and Remotes

The tenant's reasonable expectation is to enjoy everything they are entitled to in the lease from the first day of their tenancy. Surprisingly, it can take weeks to round up the various keys and remotes required to give the tenant full access to the property they are entitled to, and are paying for in their leases. Tenants become furious when this happens. Owners frequently take the strategy, "Let's just market the property now and we'll get all the keys, fobs, and remotes after a tenant has been found." HPM has seen this strategy backfire so consistently that we no longer market condominiums until all required keys, fobs and remotes are in our possession.

HPM requires that one full set of keys, fobs, remotes, clickers, and any other devices required to enter the property and related amenities (such as the mailbox, pool, parking garage, exercise facility, etc.) be provided at owner expense for each tenant named on the lease, plus one complete copy for HPM's key safe. If two tenants are named on the lease, this means that HPM needs three complete sets of keys, remotes, fobs, or gate clickers.

The Property is Marketed

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

Owner Documents

A copy of your signed management agreement is included with this *HPM Owner Manual*. Refer to it as needed and keep it with this information for a handy reference. It will also be on your Owner Portal.

It is important that HPM receive all critical information as we begin management. You may have completed the documents listed below. If not, we need you to fill out and return the following documentation so we will have this information on file for your management account. Please return the appropriate forms by completing the e-signature documents emailed to you.

Owner Information and Property Sheet

This information enables HPM to set up your account.

Direct Deposit Authorization Form

This form enables HPM to send your funds directly to your bank. If you do not wish to start ACH at this time, you can use this form in the future.

W-9

This form enables HPM to send you a Form 1099 for your tax preparation.

As your management continues, information can change. We have included several forms for your convenience for communicating with us. Each form can be located on our web site.

Owner Information Change Form

Notify HPM of any important change when it happens – address, telephone, fax, email, incorporation, social security # to a Tax ID #, etc.

Owner Work Order Authorization Form

This is for authorizing HPM to perform specific work on larger projects, over \$1,000.

Your Homeowner's Insurance

It is very important that owners have the proper homeowners insurance.

- Your policy must be a landlord policy rather than an owner-occupant policy.
- Recommended that HPM be named as additional insured (to cover you.)
- Recommended policy amounts to be at least \$500,000 if your home is single-family detached, or \$300,000 if it is a condominium. Consult with your insurance agent.

You may need to change insurers in order to acquire an insurance policy that meets these requirements. Consult with your insurance agent to ensure you have proper coverage.

Since you will not be residing in the property, your insurance policy must be a landlord policy rather than an owner-occupant policy. Failing to change your policy to a landlord policy could be a reason for your insurer to deny coverage in the event you file a claim after a property is tenant-occupied.

Owners frequently ask why HPM must be named as additional insured. The reason is that in our management agreement owners indemnify HPM from legal expenses if HPM gets sued in the course of managing your property. If we are additional insured under your policy, your insurer will simply defend us if we get sued. If we are not additional insured under your policy, you will be responsible for our legal expenses. Thus naming us as additional insured can save you a lot of money if there is a lawsuit.

Things have changed a lot in the insurance industry. Homeowners insurance used to be very easy to get. Insurance companies have had to pay out a lot of claims recently and consequently they are looking harder before they issue policies. You may find that your current insurer will not write a policy naming HPM as additional insured or increase your coverage to \$500,000 (\$300,000 for a condominium).

Owner Communication

Communication makes a difference in any area of life and it can only enhance our relationship with everyone involved daily – owners, tenants, vendors, prospective tenants, and the general public.

Owner Portal

This is our preferred way to communicate as our management software contains features for conversation logs, work order reviews, owner statements, and all documents. It provides a great ongoing reference as to what has been done and discussions about what will be done between you and our management. No information can “fall into the cracks” since it is always displayed. See Portal Guide for complete instructional (with screen shots) of your portal and all its features. You will love it!

Telephone Calls during Office Hours

During office hours, listed on page 10, please direct your calls to your Property Team direct assigned numbers for a faster response (by-pass front desk.) Your Property Team may not be available or out of office due to inspections, so please leave them a voicemail with your address and topic of your call. The Managers check voicemail continuously throughout the day.

Email

While email is fast and effective, we prefer to keep communications in the Portal for ease of access and reference as needed. It removes the “I cannot find that email anywhere” situation. Please supply us with your email as we will enter your email in the management database for our automated system notifications out to you. HPM wants to keep you informed of events related to your property.

When using email, we request that you put the “property address” in the subject line. With the problems of spam, worms, viruses, Trojans, and more in the Internet world, this helps us identify the importance of your message and avoids oversights or deletions of messages.

Voicemail

If, during the day you reach our voice mail system due to your Property Team being out of the office on inspections, leave a message complete with your name and the telephone numbers where we can reach you both day and evening. Please understand that in managing property we are out at them daily on required management tasks, so our Teams are not always available in the office all day for every call. We do value communication and we do attempt to contact everyone back the same day.

Appointments Only

Due to preset “full” schedules, our Property Teams can only meet with owners and tenants on scheduled appointments and not just a walk-in basis. You can schedule an appointment directly with your Property Manager or call the office and request to be put on their calendar. We are sure you can understand that our time is very focused as we try to provide services equally to everyone each day.

Owner on a Deployment (military) or Extended Vacation Notice

Please notify HPM of deployments or vacations that are two weeks and over. Purpose is to be prepared in the event of an emergency repair or major problem concerning the property and/or tenant.

Change of Information

It is important that you notify HPM of any changes in address, phone, fax, cell numbers, or email. An information change form is located in our office and on our web site as well for your access. Your Manager can email you an e-sign document that you can update with by simply using your phone.

Web Site

The HPM website, www.FayettevilleHomesForRent.com contains important information for owners. Visit it regularly to access the Owner Portal and all the supportive materials we have online for you. There is no reason for any owner to be uninformed about anything related to property management.

General Office Information

Address information		
Mailing Address	5509 Yadkin Rd	
	Fayetteville, NC 28303	
Street Address	5509 Yadkin Rd	
	Fayetteville, NC 28303	
Telephone		
Business #	(910) 867-0551	
Internet		
Office Email	info@hpm-inc.com	
Website	www.FayettevilleHomesForRent.com	
Office Hours		
	Monday – Friday	9am – 5pm
	Saturday	Closed
	Sunday	Closed
	Holidays	Closed
	Columbus Day (staff offsite training day)	Closed
After Hours/Emergency Line		
	Call 910-867-RENT (7368)	

Helpful Guidelines for Reaching Us

Owners sometimes ask, "Whom should I contact when I have just a basic question?"

Here are our suggestions:

- If you receive communication from the HPM office, reply directly to the person who contacted you. If your Manager contacted you... request that person vs. just anyone who answers your call. It keeps communications on track and produces much faster results for your inquiry.
- General Property questions: Contact your personally designated Property Team.
- Accounting questions: Contact Bookkeeper (this person may have to involve your Managers)
- Marketing questions: Contact our Leasing Manager.

- All other questions: Call the main line at 910-867-0551 and the Administration Desk will route your call to the correct person.

HPM Personnel

We have a complete staff to assist you. HPM has found “Management Teams” effective for assisting owners during their management.

- **Senior Property Manager:** The Senior Property Manager / Broker-In-Charge is responsible for overseeing the teams and your property.
- **Management Team:** HPM has designated a Property Team to your account, consisting of a Property Manager, Maintenance Coordinator and an Inspector. They concentrate on assisting you with all the details of your property. Contact them to answer your questions along the way.
- **Property Intake and Leasing Division:** New clients, rental home accessibility, application processing/screening, lease agreements, rental exposure to public, i.e. web site, MLS, and sign.
- **Accounting / Bookkeeping:** Accounts payable and accounts receivable.
- **Office Staff:** HPM requests that you contact the management team regarding questions concerning owner issues. However, the HPM office staff is available to assist you in verifying receipt of rent, any necessary forms, and basic information if your management team is not available.
- **Sales:** HPM has a sister company that can assist you with real estate sales, buying or selling. Benefit from our powerful network and get world-class guidance when you buy or sell with Coldwell Banker Advantage Real Estate. Note: all invoices and charges must be paid in full by owner before a property can be released for sale.

We highly recommend using your online Owner Portal to interact with your Team: ask questions, review maintenance work orders, ACH funds to your account, or simply just interact with your rental online account. It is available 24/7 and provides full tracking on communications (so you can always reference) and full access to your monthly owner statements.

Meeting with your Team members in the office is by appointment only due to scheduling. If you call your Team's direct lines and your Managers are out of the office on an appointment with other tenants or owners, simply leave them a voicemail and they will return your call. If it is an emergency matter or maintenance item that requires immediate focus and attention, please contact our main office line, 910-867-0551 and inform our staff on the phone. We will assist and coordinate with your Property Managers. Please understand that our entire staff is not as versed in your property or situation as your personal Property Team would be, so providing you with any accurate updates and/or current status will be the Property Team's position to inform you.

Owner Responsibilities

A successful business relationship works both ways. HPM takes their management responsibilities seriously, and requests owners to do the same.

Owner responsibilities are:

- Maintain property in a condition that is marketable and habitable for renting to a tenant.
- Keep all utilities on at property during any vacancies.
- Notify HPM of any ownership change or eminent owner change for the managed property.
- Supply HPM with accurate information so HPM can service the management account properly.
- Review statements monthly and notify HPM of any discrepancies found as soon as possible.
- If using ACH, check statements monthly for accurate or missing deposits and notify HPM if there are problems immediately.
- Support Fair Housing Laws, Landlord/Tenant Laws, as well as all necessary Legislation. Directives by owner in any area of management that fall outside of regulations will result in HPM terminating the management agreement and delivering property back to owner for management.
- Maintain a current insurance policy for their property.
- Review their property insurance yearly and update as needed.
- Exercise responsibility for required maintenance and the safety of their tenants.
- Treat HPM personnel with courtesy and notify HPM Broker-in-Charge if there are problems with HPM personnel so they can be resolved quickly.
- If an error or mistake is identified, extend HPM management an opportunity to correct and resolve.

The Scope of Property Management

What is Included in HPM Property Management Services

We want you to know what HPM does for you as your property management company. Therefore, HPM has outlined details on our policies and procedures in the future pages of this manual. There are so many details and aspects of managing rental property, that we can only include the basics in this manual. If you have more specific questions, contact your designated Property Team.

Again, these are general guidelines and when necessary, policies will change. Please bear in mind that we are unable to do “all things” that are required to fully service a property under our standard management fee, so we have listed some of those items for awareness.

What is not Included in HPM Property Management Services

Because HPM provides owners with full service, it can be easy to request something that we cannot perform. Some tasks go beyond the normal scope of property management or require additional fees/services (see below). There are also areas licensed real estate agents cannot engage, unless they have obtained the proper licensing or degrees. We ask that you remember this when making a request, and review the content that was included in your Management Agreement.

Owner must understand and agree that standard Property Management does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, fire or major damage restoration, rehabilitation, obtaining or giving income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, or attending Homeowner Association meetings.

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

Company Policies

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

Real Estate Commission Requirements

The North Carolina Real Estate Commission requires licensing for all persons conducting Property Management Services and Real Estate Sales in our state.

Code of Ethics

HPM follows the Code of Ethics outlined by both NARPM / NAR® and the Fayetteville Regional Association of Realtors. HPM considers this a top priority in conducting business and is required of all HPM personnel.

Drug-free Policy

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

Legislation

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

- Fair Housing (HUD) - HPM supports and follows Fair Housing laws and guidelines; the HPM office displays Fair Housing signage
- Equal Opportunity - HPM is an Equal Opportunity employer; the HPM office displays Equal Opportunity signage.
- SCRA Act – Serviceman's Civil Relief Act, which has replaced the Soldiers' and Sailors' Act of 1940
- URLTA - Uniform Residential Landlord Tenant Act
- FCRA - Fair Credit Reporting Act
- FTC – Fair Trade Commission
- EPA – Environment Protection Agency

Lead-based Paint

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

Property owners and/or Property Managers must also notify tenants, in writing, of any scheduled work necessary for lead-based paint on the property. Legislation now provides that owners and managers must use certified vendors to work on lead-based paint.

Mold Issues

HPM regards mold issues as a top priority in property management. 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. Several cases regarding mold have awarded damages to tenants in the millions of dollars.

This is an area of extreme liability and HPM takes action if a tenant reports mold. HPM notifies owners as soon as practical of any mold issues so HPM and/or the property owner can take the proper steps.

Answers Regarding Funds

When you entered into a management agreement, HPM established an account for you and your property. HPM recognizes the importance of accurately collecting and disbursing funds. The bookkeeping program used by HPM is specialized software designed to handle the many facets of property management and accurate record keeping, and complies with the requirements of the North Carolina Real Estate Commission.

Money Flow During the Lease Cycle

HPM receives 10% of the rent as a monthly management fee and the owner receives the balance of 90% of the rent, less any expenses HPM has paid on the owner's behalf, usually for repairs.

HPM prorates rents in current month per the lease starting date. If the lease begins on a day other than the first day of the month, the pro-rated rent for the first month is collected only. If lease date is after the 20th of the month, entire next month rent is due at lease signing as well.

Here is an example: Rent and security deposit for a home are \$1000 each. The lease begins on September 21st. The security deposit is held in the HPM security deposit trust account until tenant move-out, at which time the deposit will be paid out in accordance with the laws of North Carolina. Since the lease begins after the 20th the rent for September is pro-rated by the day; in this case, the pro-rated rent due is \$333 (rounded.) HPM requires that a full month's rent of \$1000 be paid at move-in for the month of October and the pro-rated rent of \$333 be paid for the month of September. From November through the end of the lease the rent will be \$1000 paid on the 1st. In this example, let us assume that the dishwasher fails a few days after move-in and has to be replaced at a cost of \$175.

- September 21st: \$1,333 is received and \$133 paid out to HPM as management fee. **Payment to owner for the month of September (prorated) and October: \$1,200.**
- \$175 from the owner's repair escrow reserve account was spent in September to replace the dishwasher. The escrow is replenished with November's rent collected to restore \$400 level.
- November 1: \$1000 is received for the month. HPM is paid \$100 for the monthly management fee. \$175 for owner repair escrow. **Payment to owner for the month of November: \$725.**

Banking

HPM holds your funds in a trust account mandated by the state of North Carolina. This does earn interest as allowed under North Carolina Real Estate Commission and interest is retained by HPM as outlined in management agreement. HPM accounts for each owner's funds separately in the trust account and does not co-mingle funds with broker monies, following the Real Estate Commission requirements.

Disbursement of Monthly Funds

HPM disburses available funds to owners within 2-5 business days of receiving rent. HPM does not disburse funds on weekends or holidays. HPM does NOT disburse or issue any owner checks unless there are sufficient funds in the owner's account, i.e. from rents paid by your tenant. It is vital to accurately post rents, pay vendors, and disburse funds for your account. Therefore, it is vital that HPM adhere to this schedule to ensure servicing every owner's account.

HPM distributes owner funds in two ways:

- ACH Direct Deposit - directly disbursed into an owner's bank account. Payments made using ACH take 2 to 3 business days to post in owner's bank account. Example: disbursement on the 4th will post in owner's account on 6th or 7th of the month unless a holiday or weekend intervenes. That is the banking system and HPM cannot control that time once we disburse.
- Company Check - disbursed directly to the owner, picked up at office or sent via postal mail.
- Should tenant NSF on payment and HPM cannot collect, owner must return disbursed funds.

Monthly Statements

HPM emails and posts to the Owners Portal the monthly statements for each owner draw so you can review the breakdown for any payment you just received. If you have difficulty reading your monthly statement, please contact your Property Team. See Portal Guide for a sample Owner Statement.

End of Year Procedures

At the end of each year, HPM is required to file 1099's for owner clients who receive income over \$600. Please note that this amount is for "total income received," and not the yearly total of owner disbursements. The Internal Revenue Service dictates the "total income received" requirement. Please note that security deposits are not included in this amount.

It is necessary that you supply HPM with the necessary Social Security/Tax ID information so the 1099 is accurate. HPM will send you the 1099 by January 31 for the previous tax year. If there is a change in your tax information such as a new address or change in the entity that holds title to the property, please notify us with the Owner Information Change form. If you need another change form, please contact us or use the Owner Resource section on our web site.

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

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

Renting Your Property

Preparing to Rent the Property

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

Requirements for Property Condition

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

- All of the owner's personal belongings must be removed. The garage, attic and other storage areas must be clear.
- Carpets, if any, must be professionally cleaned.
- All interior paint must either be freshly painted or appear freshly painted.
- The home must be in white glove showing condition.
- All major systems must be operating (electrical, plumbing, gas, HVAC).
- All smoke and CO detectors must have new batteries installed for every new tenant. This is an owner expense and charged at \$2.95 per battery installed. NC General Statutes require it.
- All appliances included in advertising must be installed and in operating condition.
- All utilities must be turned on.
- Landscaping must be in good condition.
- All work identified in the property inventory inspection report must be completed.
- 4 sets of house keys, all remotes, and parking passes must be delivered to HPM.

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

Tenants who rent with HPM expect to take possession of a property that is ready to be lived in. HPM is committed to delivering to tenants what we promise: a property that is move-in ready. While HPM does not require it, we do recommend that owners (for liability prevention reasons) have the locks rekeyed (owner expense at each move-out) when a tenant vacates and a new one moves in the property on a new lease. This protects you from any "unknown" keys still out there and potential future safety issues that could lead to lawsuit or litigation. Just let your Manager know your locks directive.

Utilities Should be on While Property is Available

All utilities should be turned on while the property is vacant and being shown, including electricity, water, and gas. There are two reasons for this. First, HPM cannot inspect, repair or clean the property between tenants if utilities are not turned on. Second, properties with no utilities on show poorly, making it difficult to attract a qualified tenant and leading to extended vacancies. Competition is tough for rentals and you need to showcase your home! Utilities will need to be in your name due to billing.

Transferring Utilities to the Tenant

All HPM leases make it the tenant's responsibility to turn on utilities 3 business days before move-in. Tenants agree to this in writing and are notified of this responsibility when we give them move-in instructions. If we have your utilities on, HPM will turn off utilities on day of the move-in or lease start date if not changed to tenant already. We view this as a "customer satisfaction" issue. While it is the tenant's responsibility to have all utilities turned on 3 business days before the lease, it is often times tough to accomplish with a rushed occupancy. A family with small children, for example, will be very grateful for a couple of days of utilities at move-in inspection to keep all on schedule for the move-in.

On the other hand, we feel the lease date is enough time for tenants to act and will cancel services.

Why has My Property Been Cleaned More Than Once?

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

Here are some of the reasons:

1. When a property is vacant for an extended period, dust enters and settles and the property simply becomes dirty again on all horizontal surfaces.
2. Various kinds of insects become more active at certain times of the year; spiders, for example, are very active in the fall. When a property is vacant, spiders, ants, cockroaches and many other kinds of insects will make inroads and cause the property to need cleaning.
3. Various small creatures tend to enter vacant homes and die. These may include insects of all kinds, lizards, rodents, and birds. Dead creatures in the home can be very upsetting at move-in.
4. All of our homes are listed on the multiple listing service (MLS). Local agents get keys from our office giving them access to show the home. Agents may bring prospects to see the home or agents may pre-view the home on behalf of prospects. Agent access is a two-edged sword: It is in the owner's interest to have the home listed in the MLS and available for agents to show. All sorts of cleanliness issues may ensue after agent access however, including dirt tracked in, muddy footprints, trash strewn about and pristine bathrooms left an unsanitary mess. If any of these things happen, HPM staff may not learn of the problem until shortly before tenant move-in.
5. Even if the home is shown only by HPM, frequent showings and occasional use of the bathroom may be enough to create the need for cleaning. Imagine if a popular property were shown five times during a week of heavy rain to groups of people, many of whom use the bathroom.
6. If vendors have been in to repair the home, it may need to be cleaned again. In an ideal world, every vendor would leave a pristine home as clean as he found it. In reality, carpenters, plumbers, electricians, appliance delivery services and the like do not bring maid carts with them and are not prepared to do serious cleaning after they have completed the work they were hired to do.
7. In some cases, the owner has cleaned the home, and the owner's standard of cleanliness for move-in is lower than HPM's standard of cleanliness for move-in. In the event of a disparity, HPM's standard will prevail and the property will have to be cleaned again.

It is never acceptable to move a tenant into a dirty property, just as you would not accept it either.

Setting the Rent

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

How Long Will the Property be Vacant?

This is one of the most commonly asked questions HPM 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, HPM works diligently to rent the property as quickly as possible. What is important to remember is that the most important objective is to have "a quality tenant."

HPM, or any other property management company, can rent properties “quickly” if they do not have standards for obtaining good tenancy. However, bad tenants will only create more expenses and another unwanted vacancy; therefore, waiting for the “right tenant” is worth the additional time it can take to rent the property.

Advertising/Marketing

Internet/Web Site

HPM has found that the Internet and the HPM web site, www.FayettevilleHomesForRent.com receives tremendous exposure, as well as using our local real estate Multiple Listing Service (MLS.) This has proven to be the #1 way prospective tenants locate and interact with listed rental properties. HPM takes advantage of the Internet for rental searches and focuses funds on technology resources. Our listings are syndicated out to hundreds of search engine sites to increase our reach into the marketplace and maximize our exposure.

Publications/Newspapers

HPM wants the greatest exposure for your property and print has proven itself to be a waste of funds in today times of technology resources available to every consumer.

Signage

HPM displays “For Rent” signs prominently unless prohibited by an HOA; each sign carries the office phone and our company web site address. Signs promote calls and web site activity! It is the #2 way for how prospective tenants find rental properties.

Showings and Applications

Prospective tenants typically schedule appointments by contacting the HPM office directly. When prospective tenants see the property the management team answers questions and distributes applications as requested. Applications are available in the HPM office and on the HPM web site.

Processing Tenant Applications

Tenant Screening

Thorough screening is crucial to successful Property Management. HPM requires all applicants to fill out a detailed application and submit it for processing/approval. A credit check is NOT enough! Our company conducts a careful review of their credit, income, tenant history or ownership (evictions), plus criminal and sexual offender checks.

All applicants must submit verifiable information on their income to show they can support the property. Rental history or previous home ownership is carefully checked. Cross-referencing all three areas – credit, tenant history, and income - provides the answers to qualify or disqualify prospective applicants. If a pet is allowed on the property, the screening includes the pet (please review the upcoming pet policies.)

Cosigners

HPM normally does not accept cosigners. HPM policy is that the applicants should have the ability to rent on their own merits. However, there are sometimes conditions that may warrant taking a cosigner on a property. If this is the case, HPM will notify the owner, discuss the reasons, and obtain owner authorization.

Pets

If an owner authorizes a pet, HPM collects a Pet Fee that is nonrefundable to tenant. HPM does not use the term “pet deposit.” By avoiding this terminology, HPM can use the amount of the entire security deposit when there is animal/pet damage. Although the HPM policy is to collect a Pet Fee, the amount cannot exceed current North Carolina Landlord/Tenant law.

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

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

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

Prohibited Dog Breeds

List includes several noted aggressive breeds, but not limited to just these noted breeds. HPM has a policy that these breeds are not permitted during tenancy due to property damages and liabilities associated with these listed dogs. As an owner you might have one of these breeds yourself, but we are sure you do not want to be responsible for a tenant on your property that has this type of pet, all without your supervision for training and raising of the pet for overall demeanor.

Akitas, Alaskan Malamutes, Chows, Doberman Pinschers, German Shepards, Great Danes, Pit Bulls, Presa Canarios, Rottweilers, Siberian Huskies, Staffordshire Terriers, Wolf-hybrids

Service and Assistance Animals

Special note: “Service animals” for handicapped/disabled persons are NOT pets by Federal law, and owners cannot discriminate against handicapped/disabled persons with a service animal. Fair Housing legislation does NOT allow owners or property managers to collect deposits of any kind for service animals. Key item here is the animals are not considered PETS. Refer to the FHAA and ADA.

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

Who Approves Applications: HPM or the Owner?

HPM has an excellent track record of placing tenants. Since we screen tenants so thoroughly we have very few evictions and other tenant problems. HPM makes the decision of which applications to approve without bringing you, the owner, into the loop. If we have had difficulty finding a tenant for your property and are therefore considering an applicant we regard as high-risk, we will consult you and make this decision together.

The Tenant Move In

Rent and Security Deposits

HPM does not accept personal checks prior to renting the property and does not allow “payments” on security deposits – we require all funds paid in full prior to renting the property. This eliminates prospective tenants who really do NOT have the necessary funds for renting.

Once approved, all applicants must pay in full the first month’s rent and a security deposit in certified funds. It is normally HPM policy to require a security deposit equal to the monthly rent. However, HPM does not exceed the maximum-security deposit allowed by the current NC Landlord/Tenant laws when it is deemed appropriate to collect more than a month deposit.

If tenant came to HPM via another Realtor, owner is responsible for paying a 10% referral to that procuring Realtor from first (1st) month rent amount. HPM will collect fee and disburse to the Realtor.

Rental/Lease Agreements

Once HPM receives funds, a rental/lease agreement with the applicant is completed. The HPM maintenance addendum and all necessary addendums are included with this documentation.

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

Move-in Inspection

A vital part of the rental agreement is a detailed walk-thru performed before move-in, documenting the condition of the property when tenant moves in. Unless extenuating circumstances prevail, your Property Manager completes the walk-thru just before the tenant takes possession of the property. Tenant will sign inspection and the same report will be used at the tenant’s move-out inspection.

During Tenancy, an inspection is completed every 6 months for home preservation and a health & safety check for the tenant. Inspection report is published to the Owner Portal for viewing. Any issues noted from the inspection will be addressed at that time with the owner.

Tenant Manual

Tenants immediately receive the “*HPM Tenant Manual*.” This detailed booklet gives them additional information on how to care for the property, report repairs, maintain the property, make timely payments, how to give a proper notice to vacate, leave the property in good condition, and more.

Tenant Education and Preparation

Taking the time to prepare tenants for their residency is another step toward a successful tenant/landlord relationship. Additional forms that the tenants may need are included on the company web site for tenants to access as needed. HPM wants both owners and tenants to be well informed.

Working with Your Tenants

Collecting Rent

Rents are due on the first (1st) day of the month. Efforts to collect rent from tenant begin on the 3rd day if not received and continue daily with demands for tenant’s full amount owed to be paid.

HPM recognizes that many things can happen where it concerns rent; rent can really be lost “in the mail”; employers can delay the tenant’s paycheck, there are real tenant emergencies, and more. Therefore, we make a serious effort to determine why the tenant is having a problem. If HPM receives the rent prior to issuing owner funds, HPM does not contact the owner unless the HPM management team determines there is an ongoing rent issue.

HPM charges the tenant a late fee of 5% on 6th day for extended collection efforts, as allowed by NC law, and that fee is retained by HPM.

Notice Service to Pay

HPM prepares and delivers a timely Notice Service to Pay as the law allows.

When rent is not paid, here are the steps HPM will take as the Management Company:

1. Prior to the first (1st) day of the month a reminder email of rent balance due is sent to tenant.
2. On the third (3rd) day of the month a reminder email of past rent balance due is sent to tenant and will repeat daily email notifications until balance is paid.
3. On the eleventh (11th) day of the month (without payment received) we will begin the eviction process and those funds must be in owners account to initiate filing with court system. Tenant bringing account “fully current” may not stop the eviction process or owners decision to take possession of the property. Tenant is responsible for all eviction fees and past due rent.
4. If account is not brought current, filing with the court system will generate a court date for the tenant to attend followed by lockout/vacating the property (supervised by the Sheriff Dept.)

HPM takes no pleasure in evicting any tenant. It is a fundamental truth, however, that you really do have to “pay to stay.” If a tenant’s account is past due any amount, an automated reminder email will be sent out daily (listing the past due amounts) until the account is brought current.

Evictions

Owner must provide all the required funds for eviction process prior to initial filing with any court system. If an eviction is necessary, HPM handles every part of the filing process. We will file all necessary documents, monitor legal proceedings, attend court if necessary, hire a crew to perform a lockout by the county Sheriff, and prepare the property to be marketed to a new tenant. Professional and correct legal action by a Property Manager both reduces the owner's expense in an eviction and avoids the risk of a lawsuit for wrongful eviction. Tenant is responsible for the repayment all fees to owner for the eviction process, plus any owed rents at that time. Although HPM works diligently to avoid the necessity to begin an action, such as an eviction proceeding, it can happen. In the event any legal action is required, HPM will contact the owner prior to taking action, discuss what is needed, and obtain owner authorization and funds to cover the entire process. Admin fees charged to tenants for violations are retained by HPM.

For further information on eviction process with sample documents used, visit our web site.

Notices of Violation

There are other notices that may be involved with tenants. HPM serves notices as situations warrant, such as a notice to clean up yard, noise, a notice to perform inspections, a notice regarding an illegal pet, illegal occupants, etc. These tenant violations may be in the form of a letter or a legal Notice “form.” Often, these notices are simply to correct minor tenant problems and most tenants comply. However, if necessary, HPM will contact the owner with the information to discuss the situation.

Tenant Problems

HPM has years of experience handling the myriad of tenant difficulties that can occur. The HPM policy is to obtain good tenants, eliminating many tenant problems. However, even good tenants have problems. HPM treats each problem with common sense approach, follows Landlord/Tenant law, and uses the appropriate documentation. If the situation is serious, HPM contacts the owner, and works to find a solution for the problem.

Maintenance

HPM Recommends That Owners Do Not Buy or Renew a Home Warranty

HPM has had consistently poor experience working with home warranty companies to maintain and repair the homes we manage, plus owners are often challenged when needing full replacement items.

We frequently see breakdowns in communication when we attempt to use home warranties. If an owner-occupant orders a repair through a home warranty company, there are three parties to the transaction: the owner, the home warranty company, and the vendor who does the work. Such an arrangement can be effective. When we as a property manager order work through a home warranty company, however, two additional parties are added to the transaction: the tenant and the property manager. Now we have a five-way transaction, with the owner and the property manager both being off-site. Our experience is that these situations seldom workout smoothly and can cause conflict.

Ordering a repair through a home warranty company usually takes several hours of HPM staff time to order the repair and ensure it was actually made, requiring multiple phone calls to follow up, all with very long hold times. Many times a “specific repair” is not even covered in warranty so owners really need to know the warranty plan purchased and what it does cover for repairs and replacements.

There is no faster and more reliable way to destroy a good tenant relationship than to order important repairs through a home warranty company. We repeatedly see situations where the tenant reports a legitimate repair, we order it through the home warranty company, the repair order falls through the cracks or is not covered, and the tenant blames both of us (management company and owner.)

Tenants moving because of poor attentiveness to repairs via Home Warranty causes vacancy, which can easily surpass the minor repair cost that would have kept tenants satisfied and still in the home.

If you do not have a home warranty, we recommend not purchasing one. If you do have a home warranty, we highly recommend you let it lapse and not renew it. However, it is your decision.

Selection of Vendors

Owners frequently ask if we will agree to use their vendors to maintain the home. Usually the answer is no. Here are some of the limitations to our ability to use an owner's vendor. First, all our vendors must carry Workers Compensation and General Liability insurance. When an owner asks us to use their vendor, we have no way to know if that vendor has proper insurance and if not, we are fined up to 25% during our insurance carrier's annual audit of the vendors 1099's paid. Second, we hold high standards. To remain on our vendor list, vendors must be highly responsive, competent, courteous to our tenants, have excellent communication with us, etc. If we use your vendor, you will need to pay the vendor directly yourself, unless they are fully insured and deliver an insurance certificate to us.

Supervision of Extraordinary Maintenance

HPM charges a 10% fee on costs of repair for supervising work requiring extraordinary maintenance and the definition of extraordinary maintenance is as follows:

HPM defines extraordinary maintenance, requiring our direct supervision, as rehabilitation work that exceeds \$1000, insurance claims, and major systems replacements (examples are roof replacement, major tree work, exterior painting, vandalism, etc.)

Preventative Maintenance

The best approach to maintenance is “preventative maintenance,” and this is the HPM policy. First, HPM has already started with educating the tenant by:

- Completing a detailed HPM Rental Agreement, which includes a maintenance addendum that outlines what are tenant responsibilities regarding maintenance as well as owner obligations
- Completing a move-in walk thru documenting the condition of the property before the tenant takes possession
- Supplying tenants with the “*HPM Tenant Manual*,” which provides additional instructions on the care of the property and how to report maintenance

We want the tenant to know from the beginning of their tenancy that the HPM/landlord expectations are to “care for the property.” This approach can prevent costly maintenance.

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

Consider the cost of repairs like holes behind doors, clogged heaters and air-conditioners, appliance problems, dry rot, safety issue and more. Then of course, there are the major issues in a home such as the roof, the exterior condition of the building, carpeting, interior, and exterior paint, etc. When left to deteriorate, it usually means the owner will have to spend more in the future.

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

This is why, in our tenant instructions, we require them to report maintenance. For example, what is worse than finding out dry rot could have been prevented or discoloration of the linoleum if the tenant had reported the leaking toilet in the bathroom? Avoiding major maintenance costs are certainly more favorable in such cases.

The HPM management teams contact owners regarding maintenance above the \$500 minimum that is listed in the HPM Management contract, unless the situation is an emergency.

Emergencies

When an emergency and/or disaster strikes, HPM has policies in place for the property and tenants. HPM notifies the property owner as soon as practical. The nature of the emergency determines the action needed by HPM.

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

When the Tenant Vacates

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Notice to Vacate

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

Communication with Owners and Tenants

HPM notifies the owner in writing giving details on how they will proceed with the tenant and re-renting the property. HPM immediately places the property on the market to rent unless the owner notifies HPM to take other measures.

HPM also responds to the tenant notice detailing the steps to complete a successful move. Rent is required until the end of the notice unless otherwise stated in the rental/lease agreement.

Tenant Move-out

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

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

Security Deposit Refunds

Proper handling of the security deposit refund is crucial. Any tenant deductions are determined in a timely manner, and a security deposit transmittal is prepared in accordance with state laws. Owners receive a copy of the transmittal with their monthly statement, showing any deductions and monies refunded.

Security deposit refunds in North Carolina Landlord/Tenant Law:

- The security deposit shall be returned to tenant by landlord within 30 days after the termination of the lease or the surrender of property by tenant, whichever occurs last (hereinafter "Due Date")
- Landlord shall have the right to deduct from the security deposit:
 - Cost of repairing any damage to premises or property caused by negligence, carelessness, accident or abuse of tenant, tenant's household or their invitees, licensees and guests... not for normal wear and tear.
 - Unpaid rent (current and future) and any utility charges
 - Removal of excessive dirt, filth, or markings if premises has any present at move-out
 - Cost to remove, store, and/or dispose of any personal property
 - Cost of re-renting the property if lease was terminated early by tenant
 - Late fees and any other unpaid fees and charges, i.e. court charges if applicable

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- Security Deposit Statement: Landlord shall provide tenant with a statement listing the exact reasons for the retention of the security deposit or for any deductions there from. If the reason for the retention is based upon damage to the premises, such damages shall be specifically listed in the statement.
- The statement shall be prepared after the termination of occupancy. If tenant terminates occupancy without notifying landlord, landlord may make a final inspection within a reasonable time after discovering the termination of occupancy.
- Landlord shall deliver the security deposit statement, along with balance, if any, of the security deposit, before the Due Date. The statement shall either be delivered personally to tenant or mailed to the last known address of tenant via first class mail.
- If the letter containing the payment is returned to landlord as undelivered and if landlord is unable to locate tenant after a reasonable effort, the payment shall become the property of the State of North Carolina until claimed by the Tenant.

Landlord/Tenant Law can be accessed on our web site www.FayettevilleHomesForRent.com in our Owner Resource area. Links to numerous online resources can be found there so that you can be a very informed owner about processes and procedures for North Carolina and residential leasing.

Collections

If monies owed by tenant at the security deposit disbursement time is more than tenant has in the security deposit account, HPM provides a calculation letter for payment of the additional funds needed from tenant with the Security Deposit Closeout package sent to Tenant. These funds are due within 10 days of the letter date. Owner is responsible for any vendor invoices outstanding at that time.

If the additional monies owed by tenant are not received or there is not any response to letter within the 10 day period, HPM will provide the tenant information to the owner to take to a qualified consumer collection service if desired.

HPM management cannot include recovering tenant monies owed for damages beyond security deposit held, per North Carolina law. Law only allows us to assist with any past due rents owed.

We do recommend using companies with expertise in debt collection. HPM will supply owner with any consumer collection company required documentation as requested.

Wear & Tear vs. Damage

The examples below are meant to be a guide for you to better understand the difference between wear & tear and damage to a property. This is not intended to be viewed as an “all inclusive list.”

**“Normal wear and tear” caused by ordinary
comings and goings**

- 1- Well-worn keys
- 2-“Sticky keys”
- 3-Balky door lock
- 4-Depressurized fire extinguisher with unbroken seal
- 5-Worn pattern in plastic countertop
- 6-Rust stain under sink faucet
- 7-Loose, inoperable faucet handle
- 8-Rusty refrigerator shelf
- 9-Discolored ceramic tile
- 10-Loose grout around ceramic tile
- 11-Carpet seam unraveling
- 12-Threadbare carpet in hallway
- 13-Scuffing on wooden floor
- 14-Linoleum with the back showing through
- 15-Wobbly toilet
- 16-Rusty shower curtain rod
- 17-Rust stain under bathtub spout
- 18-Tracks on doorjamb where door rubs
- 19-Door off its hinges and stored in garage
- 20-Plant hanger left in ceiling
- 21-Stain on ceiling caused by leaky roof
- 22-Cracked paint
- 23-Chipped paint (minor)
- 24-Pleasing, professional tenant wallpapering
- 25-Mildew around shower or tub
- 26-Urine odor around toilet
- 27-Discolored light fixture globe
- 28-Odd-wattage light bulbs which work
- 29-Light fixture installed by tenant which fits its location
- 30-Window cracked by settling or high wind
- 31-Faded shade
- 32-Paint-blistered Venetian blinds
- 33-Sun-damaged drapes
- 34-Drapery rod which won't close properly
- 35-Dirty window screen
- 36-Ants inside after rain storm
- 37-Scrawny landscaping which was sparingly watered due to drought conditions
- 38-Grease stains on parking space

**“Damage” caused by carelessness, abuse,
theft, mysterious disappearance, accident,
rules violation, or special request**

- 1-Missing keys
- 2-Key broken off inside lock
- 3-Door lock replaced by tenant without management's permission
- 4-Depressurized fire extinguisher with broken seal (not used to put out a fire)
- 5-Burn in plastic countertop
- 6-Sink discolored by clothing dye
- 7-Missing faucet handle
- 8-Missing refrigerator shelf
- 9-Painted ceramic tile
- 10-Chipped or cracked ceramic tile
- 11-Carpet burn
- 12-Rust marks on carpet (indoor plant container)
- 13-Gouge in wooden floor
- 14-Tear in linoleum
- 15-Broken toilet tank lid
- 16-Kinked shower curtain rod
- 17-Chip in bathtub enamel
- 18-Hole in hollow-core door
- 19-Door not replaced or missing door
- 20-Two-inch diameter hole in ceiling
- 21-Stain on ceiling caused by popping champagne or beer bottles
- 22-Crayon marks on wall
- 23-Walls painted by tenant in dark color necessitating repainting
- 24-Amateurish tenant wallpapering
- 25-Mildew where tenant kept an aquarium
- 26-Urine odor in carpet
- 27-Missing light fixture globe
- 28-Burned out or missing light bulbs
- 29-Light fixture installed by tenant which must be replaced
- 30-Window cracked by movers
- 31-Torn shade
- 32-Venetian blinds with bent slats
- 33-Pet-damaged drapes
- 34-Drapery rod with missing parts
- 35-Missing, bent, or torn window screen
- 36-Fleas left behind by tenant's pet
- 37-Neglected landscaping which must be replaced with similar plantings
- 38-Caked grease on parking space

This column is all chargeable to the tenant as applicable.

Cancellation of Management

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

Please review the following policies for cancellation and refer to your management agreement.

Written Notice

- The HPM management agreement accepts a 60 day written notice by either party at end of management term. If the owner submits a termination date for any other time than end of a management agreement, owner shall owe (per the PMA) the management fee that would have been received during the balance of the existing term of the agreement.
- The HPM policy is that an owner must sign a NC Termination of Agreement document.
- If an owner sends a termination of management by US mail, HPM must receive the notice within 30 calendar days of the date of the initial notice.
- HPM does not accept termination of management by email or phone call due to lack of signatures, but a signed Termination document (provided to you) then delivered back by email is acceptable.

Notice to Current Tenants

- HPM will notify current tenants the date HPM will no longer manage the property and that HPM forwards all security deposits to the owner.
- It is the owner's responsibility to advise tenants where to make future rental payments and work requests after the notice period.

Distribution of Documents

- HPM will supply current tenant documentation to the owner.
- If the owner has employed new management, it is the owner's responsibility to instruct them to pick up documents, keys, and any other necessary materials at the HPM office.

Final Distribution of Funds

- HPM will distribute funds, including security deposits, and final statements to the owner within 30 days of the terminating date of management, as agreed in the management agreement.
- Owner is responsible for any outstanding vendor invoices or fees due HPM at the termination of agreement. Any outstanding balances will be deducted from tenants last month of HPM management. If property is vacant, then owner is responsible for a direct payment to HPM.
- In the event owner does not pay current balance in full, HPM will be required to file a judgment/lien against the owner and the property with the local court system for the outstanding balance.
- HPM will issue a 1099 for funds collected during the current tax year when the tax year ends.

Special Policy Note:

60 days without tenant paying rent and owner does not approve Eviction filing, HPM will collect 2 months management fee from owner's escrow/reserve account.

90 days without tenant paying rent, still no Eviction approved, HPM will collect 1 month management fee from owner's escrow/reserve account and terminate management agreement with owner.

Upon termination: property keys, tenant docs, and tenant's security deposit will be sent to owner or designated person provided to receive package.

Documents used by HPM in the course of your property management:

Document	Use
Management Agreement	Outlines the business relationship between parties
Owner/Property Information	Provides owner contact(s) and property description
Direct Deposit Authorization	Authorization to deposit funds into owner's account
W-9	Tax form used by HPM for reporting on 1099 form
Owner Work Order Authorization	Authorizes work orders over \$1,000 in cost
Owner Change of Information	Alerts HPM as to changes in ownership information
Owner Manual	Outlines policies and how to interact with HPM
Portal Manual	Outlines how to maximize your online account

We hope that you have found the *HPM Owner Manual* useful and informative. It is our goal to prepare you for a successful management experience with our company.

Special note: The information provided in the HPM Owner Manual is subject to change over time. Landlord/Tenant laws, personnel, policies, and procedures change accordingly to events that take place. HPM works diligently and continually to improve services and personnel training as well as remaining current with Landlord/Tenant legislation. *Our web site always displays current information.*

If you have any questions on the enclosed information, please contact your HPM management team.

We are very excited about our business relationship!

